

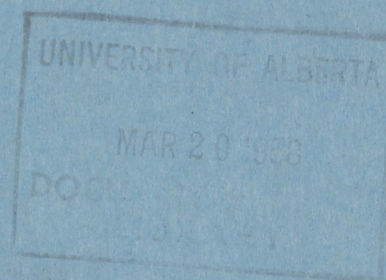
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CITY OF WINNIPEG

REPORT
of the
COMMISSION
on
MUNICIPAL TAXATION



H. CARL GOLDENBERG, O.B.E., Q.C.
COMMISSIONER

1958



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CITY OF WINNIPEG 1958.

REPORT

of the

COMMISSION

on

MUNICIPAL TAXATION

H. CARL GOLDENBERG, O.B.E., Q.C.

COMMISSIONER

1958

February 5, 1958.

To His Worship the Mayor
and the City Council,
Winnipeg, Manitoba.

Gentlemen:

I have the honour to present herewith
the Report of the Commission on Municipal Taxation
appointed by Council on April 12, 1957, pursuant
to Section 714 of The Winnipeg Charter.

Yours faithfully,

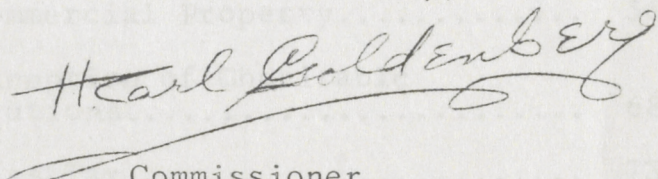

Commissioner.

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INTRODUCTION

By resolution of the City Council of Winnipeg passed on April 12th, 1957, I was appointed a Commission under the provisions of Section 714 of The Winnipeg Charter, 1956, as amended, the said resolution reading, in part, as follows:

AND WHEREAS Section 714 of The Winnipeg Charter, 1956, as amended, provides that Council may by resolution appoint a Commission to be composed of one or more Commissioners to enquire into the whole question and the system of municipal taxation within the City, and to consider and report what changes, if any, are advisable with regard thereto;

AND WHEREAS it is expedient and in the public interest that Mr. H. Carl Goldenberg, O.B.E., Q.C., be appointed as a Commission pursuant to the said section for the purposes aforesaid;

BE IT RESOLVED that Mr. H. Carl Goldenberg, O.B.E., Q.C., be, and he is hereby appointed as a Commission to enquire into the whole question and system of municipal taxation within the City, and to consider and report what changes, if any, are advisable with regard thereto and, without restricting the generality of the foregoing, to consider the following proposed changes:-

- (1) A \$25 remission of taxes of old age pensioners owning and living in their own homes.
- (2) A \$500 basic exemption in the assessment of all homes.
- (3) A graduated mill rate on homes.
- (4) The desirability of a differential in the mill rate as between residential and business properties.
- (5) The re-examination of the whole structure of the business tax with the objective of basing it more directly on the ability to pay.

- (6) Any other methods which may be recommended by interested groups.

As Commissioner I held public hearings in the City Hall, Winnipeg, commencing on May 14th, 1957, and concluding on May 21st, 1957. Representations were submitted by or on behalf of twenty-four organizations and individuals. In addition, I received detailed answers to questionnaires which I had submitted to the City's Finance Department and Assessment Department. I also met with principal officials of the City and other civic authorities on the various matters within my terms of reference.

I want to express my appreciation for the wholehearted co-operation which I received from the Mayor, the City Council, and the heads and other officers of the civic departments. For help in various directions, I am particularly indebted to Mr. J.R. McInnes, C.A., Commissioner of Finance, Mr. J.A. MacDonald, Assessment Commissioner, and Mr. W. Fraser, Q.C., City Solicitor.

I also want to express my thanks to Dean W.J. Waines, M.A., of the University of Manitoba, who acted as my consultant and prepared various memoranda for me.

I desire further to express sincere thanks to Mr. R.A.L. Nugent, of the City's Law Department, who, as Secretary of the Commission, rendered valuable service and discharged his duties faithfully and efficiently.

Chapter I

THE PROBLEM OF MUNICIPAL FINANCE

The British North America Act (Section 91) empowers the Parliament of Canada to raise money "by any mode or system of taxation". Section 92 of the Act restricts the taxing power of the provincial legislatures to "direct taxation within the province in order to the raising of a revenue for provincial purposes" and to licences of various kinds "in order to the raising of a revenue for provincial, local or municipal purposes". Municipal institutions are assigned by the Act to the jurisdiction of the provincial legislatures; their constitution and powers, including the power of taxation, are derived from and defined by the provincial authority.

The exercise of their respective tax powers by governments is determined by the course of expenditures. The growth of governmental expenditures in Canada since the outbreak of World War II has been as follows:¹

Budgetary expenditures of the Government of Canada increased from \$553 million in 1939 to an amount estimated at \$5,018 million in 1957-58;

Current expenditures, excluding debt repayment, of all provincial governments increased from \$286 million in 1939 to an amount estimated at \$1,421 million in 1956;

Current expenditures, excluding debt repayment, of all municipal governments increased from \$292 million in 1939 to an amount estimated at \$960 million in 1956.

¹Source: Bank of Canada: Statistical Summary, December 1956, January 1957, March 1957, and Financial Supplement, 1956.

Accordingly, since 1939, Federal Government expenditures have increased by more than 800 per cent, provincial government expenditures by about 400 per cent, and municipal government expenditures by about 230 per cent. These figures reflect the costs of war and of defence, population increase and economic growth, inflation, and an expansion of governmental functions and services.

The magnitude of the increase in expenditures called for a corresponding increase in revenues and governments were compelled to make full use of their taxing powers. As a result of the negotiation of tax rental agreements with the provinces, the Federal Government, in addition to the field of indirect taxation, now has the exclusive use of the personal income tax, except in Quebec, and of the corporation income tax and succession duties, except in Quebec and Ontario. It thus occupies the broad field of taxation to which progressive rates related to ability to pay are applicable. The principal revenue sources of the provincial governments are the gasoline tax, motor vehicle licences, liquor profits, receipts under the Federal-Provincial Tax Rental Agreements, the public domain, and, in a number of provinces, the sales tax. Being closely related to income or to the productivity of business, the revenue sources of the federal and provincial governments respond to economic influences and have therefore been highly productive in the post-war period of rapid economic expansion.

While the federal and provincial governments have been in a position to make fuller use of their powers of taxation, the narrow municipal tax base has remained largely unchanged. This accounts, in part, for the relatively smaller increase in total municipal expenditures, since these are dependent upon taxation which does not respond to economic influences as readily as the principal sources of federal and provincial revenues. The tax on real property continues to be the major source of municipal tax revenue in Canada; in 1956 it produced approximately 81 per cent of the total tax revenue and more than 66 per cent of the total revenues of the urban municipalities.

Municipal governments have been unable to find new tax sources which, like the real estate tax, are both appropriate to municipal administration and sufficiently productive. The reason is to be found in the nature of our modern economy. The following statement referring to the situation in the United States also applies to Canada:¹

The simple model of federalism breaks down on the tax side not only because the most productive forms of taxation in the modern economy are the most difficult to allocate equitably among taxing jurisdictions, but also because these taxes generally speaking are difficult for local jurisdictions, and even for States, to impose and administer effectively. This is a crucial point with respect to local

¹Roy Blough: Fiscal Aspects of Federalism, a paper prepared for Columbia University's Bicentennial Conference on Federalism, January 11-14, 1954.

finance since income taxes, corporation taxes, death taxes, taxes on intangible personal property, and even sales taxes and taxes on some kinds of tangible personal property are difficult and expensive, if not virtually impossible, for localities to use successfully....

Since the productive forms of taxation related to income or to the productivity of business are not available to and, in any event, are inappropriate for municipal government, the tax on real property will of necessity continue to be the mainstay of the municipal tax structure. While it may also be forecast that the trend towards a redistribution of functional and financial responsibilities between the provincial and municipal governments will continue, and that as municipalities are thereby relieved of certain responsibilities, they will be in a better position to maintain and expand essential local services and to renew and increase municipal plant, this will only follow if they continue at the same time to make effective use of their existing tax fields, however restricted and inflexible these may be.

In considering proposed changes in municipal taxation, it is essential, therefore, to have regard to the continuing high level of expenditures of the federal and provincial governments, which calls for a continued high rate of taxation and continued occupancy of the most productive fields of taxation by those governments; to the actual and prospective requirements for expanded municipal plant and services to meet the needs of rapid

urbanization and of population growth; and to the limitations on and the relative inelasticity of municipal revenue sources. It follows that, unless changes in municipal taxation are both warranted and administratively feasible, they will only aggravate the problem of municipal finance if they have the effect of further narrowing its tax base.

1947..... 13,043,000

1956..... 25,093,400

1957..... 26,241,000 (estimated)

This increase is not out of line with that of other large urban centres. The Bank of Canada reports the following rise in total current expenditures of five metropolitan areas¹ during the same period:²

1940..... \$142,200,000

1947..... 167,200,000

1956..... 412,100,000 (estimated)

While the figures are not entirely comparable, they show an increase from 1940 to 1956 of 190 per cent for the five areas as compared with an increase of 175 per cent in Winnipeg.

Table 3 presents a comparative statement of Winnipeg's budget expenditures as collected since 1947.

¹Montreal, Toronto, Windsor, Winnipeg and Vancouver metropolitan areas.

²Bank of Canada, Statistical Summary, January 1957, and Financial Supplement, 1957.

Chapter II

MUNICIPAL REVENUES IN WINNIPEG

Revenue requirements of the City of Winnipeg have almost tripled since 1940 and have more than doubled in the ten year period since 1947. The rise in budget expenditures has been as follows:

1940.....	\$ 9,481,000
1947.....	13,043,000
1956.....	26,665,000
1957.....	28,743,000 (estimate)

This increase is not out of line with that of other large urban centres. The Bank of Canada reports the following rise in total current expenditures of five metropolitan areas¹ during the same period:²

1940.....	\$142,200,000
1947.....	167,200,000
1956.....	413,100,000 (estimate)

While the figures are not entirely comparable, they show an increase from 1940 to 1956 of 190 per cent for the five areas as compared with an increase of 175 per cent in Winnipeg.

Table 1 presents a comparative statement of Winnipeg's budget expenditures in selected years since 1947.

¹Montreal, Toronto, Windsor, Winnipeg and Vancouver metropolitan areas.

²Bank of Canada: Statistical Summary, January 1957, and Financial Supplement, 1956.

Table 1CITY OF WINNIPEG

COMPARATIVE STATEMENT OF BUDGET EXPENDITURES

For Years Ended December 31st

	<u>1947</u>	<u>1950</u>	<u>1953</u>	<u>1956</u>	<u>1957</u> <u>(Estimates)</u>
	\$	\$	\$	\$	\$
General Government...	720,549	780,468	1,013,105	1,240,714	1,288,185
Protection.....	2,657,921	3,567,049	4,379,766	5,054,080	5,547,349
Health and Sanitation	1,293,800	1,543,269	2,721,213	3,046,635	3,394,702
Highways and Bridges.	966,837	1,213,293	1,300,114	2,023,028	1,805,402
Education.....	3,981,750	5,495,200	6,686,900	8,815,600	9,878,400
Recreational and Community.....	460,996	631,382	814,208	1,214,992	1,386,813
Social Services.....	1,069,348	1,567,844	1,567,901	2,827,910	3,239,962
Debt Charges.....	840,260	988,880	927,407	1,083,801	1,179,180
Unclassified.....	1,052,241	1,382,625	1,185,510	1,358,333	1,023,788
Total Budget Expenditure.....	13,043,702	17,170,010	20,596,124	26,665,093	28,743,781

A comparative statement of revenues for selected years since 1940 is presented in Table 2. The figures include local improvement taxes and the Greater Winnipeg Water District levy which, while not classified as budget revenues in the City's accounts, form part of the total tax levy.

An analysis of Table 2 shows that:

1. Total tax and non-tax revenue has risen from \$10,940,000 in 1940 to an amount estimated at \$31,141,000 in 1957 - an increase of more than 185 per cent.

2. Total real property tax revenue constituted 67 per cent of total revenue in 1940; it is estimated that it

Table 2

CITY OF WINNIPEG
COMPARATIVE STATEMENT OF REVENUES
For Fiscal Years Ended December 31st

	1940	1950	1953	1956	1957
	\$	\$	\$	\$	(Estimates)
TAX REVENUE					
1. Real Property Taxation					
(a) General Property Tax.....	6,184,213	10,891,936	12,936,486	16,161,205	16,614,464
(Mill Rate).....	(36.5)	(41.5)	(42.5)	(44)	(43)
(b) Local Improvement & Special Taxes..	457,601	829,469	1,203,041	1,597,838	1,772,450
(c) Greater Winnipeg Water District Levy.....	670,023	497,470	475,497	442,873	439,574
Total Real Property Taxes.....	7,311,837	12,218,875	14,615,024	18,201,916	18,826,488
2. Business Tax.....	1,037,983	2,239,573	2,778,053	2,989,570	3,050,000
3. Electricity & Gas Sales Tax.....	350,036	270,546	322,440	371,646	373,000
4. Franchise Taxes.....	148,090	368,461	387,187	182,707	193,700
5. Payments in Lieu of Taxes on Exempt Properties					10.
(a) City Utilities.....	91,101	133,210	198,194	290,294	288,000
(b) Federal and Provincial Governments, etc.....	50,038	250,390	410,855	1,316,659	1,719,500
Total Taxes.....	8,989,085	15,481,055	18,707,753	23,352,792	24,450,688
NON-TAX REVENUE					
1. Provincial Government Grants ¹	37,477	240,091	483,156	1,010,126	2,377,720
2. Contributions from City Utility Profits	654,000	1,365,000	853,000	625,000	630,000
3. Licenses, Fees, Fines and Miscellaneous	1,259,876	2,286,312	3,066,002	3,642,013	3,683,400
Total Non-Tax Revenue.....	1,951,353	3,891,403	4,402,158	5,277,139	6,691,120
TOTAL REVENUE.....	\$10,940,438	\$19,372,458	\$23,109,911	\$28,629,931	\$31,141,808

¹Excluding school grants paid direct to the School Board.

will constitute 60.5 per cent of total revenue in 1957.

The decline has been as follows:

TOTAL REAL PROPERTY TAX REVENUE AS
A PERCENTAGE OF TOTAL REVENUE

	<u>%</u>
1940.....	67
1950.....	63
1953.....	63
1956.....	63.5
1957.....	60.5 (estimate)

For comparative purposes, it is relevant to note that the estimate of real property tax collections in five metropolitan areas¹ in 1956 is \$272 million out of total revenues of \$413 million² or approximately 66 per cent of the total.

3. Business tax revenue as a percentage of total revenue is now only slightly higher than in 1940. The figures are as follows:

BUSINESS TAX REVENUE
AS A PERCENTAGE OF TOTAL REVENUE

	<u>%</u>
1940.....	9.2
1950.....	11.3
1953.....	12
1956.....	10.6
1957.....	9.6 (estimate)

¹Montreal, Toronto, Windsor, Winnipeg and Vancouver metropolitan areas.

²Bank of Canada: Statistical Summary, January 1957.

4. Payments in lieu of taxes on exempt properties have increased from \$141,000 in 1940 to a figure estimated at more than \$2,000,000 in 1957 - an increase of almost 1,325 per cent. Whereas these payments represented only 1.3 per cent of total revenue in 1940, they will constitute about 6.5 per cent of such revenue in 1957. The increase is very largely attributable to the decision of the Government of Canada to pay full taxes on its properties and to agreements reached in 1954 with the Canadian National Railways and the Canadian Pacific Railway Company for annual payments of \$375,000 and \$250,000, respectively, in lieu of taxes on exempt properties for the period 1954 to 1963.

The increasing importance of payments in lieu of taxes on exempt properties is shown by the following figures:

PAYMENTS IN LIEU OF TAXES
ON EXEMPT PROPERTIES
AS A PERCENTAGE OF TOTAL REVENUE

	<u>%</u>
1940.....	1.3
1950.....	2
1953.....	2.6
1956.....	5.6
1957.....	6.4 (estimate)

5. Provincial Government grants have risen from less than one-half of one per cent in 1940 to an estimated 7.7 per cent of total revenue in 1957. Exclusive of school grants, which are paid direct to the School Board, the grants have increased from \$34,500 in 1940 to an estimated total of

\$2,377,000 in 1957 - an increase of 6,240 per cent.

The increase in revenue from Provincial Government grants as a percentage of total revenue has been as follows:

PROVINCIAL GOVERNMENT GRANTS
AS A PERCENTAGE OF TOTAL REVENUE

	<u>%</u>
1940.....	.4
1950.....	1.2
1953.....	2.2
1956.....	3.5
1957.....	7.7 (estimate)

In addition to the foregoing, there has been a substantial increase in Provincial Government educational grants which materially affect the City's budget. These grants have risen from \$390,000, or 7 per cent of the school levy in 1950, to an estimated amount of \$1,440,000, or 14.5 per cent of the school levy in 1957. The increase of 270 per cent in school grants since 1950 compares with an increase of 80 per cent in the school levy in the same period.

6. Revenues from licenses, fees, fines and miscellaneous non-tax sources (excluding contributions from city utility profits) have increased in about the same ratio as total revenue, as appears from the following figures:

LICENSES, FEES, FINES AND
MISCELLANEOUS NON-TAX REVENUES
(EXCLUDING CONTRIBUTIONS FROM
CITY UTILITY PROFITS) AS A
PERCENTAGE OF TOTAL REVENUE

	<u>%</u>
1940.....	11.5
1950.....	11.8
1953.....	13
1956.....	12.6
1957.....	12 (estimate)

The foregoing analysis shows that there have been important shifts in the distribution of the burden of municipal financing in Winnipeg in the past few years, more particularly since 1953, with the result that the municipal revenue base has been appreciably broadened. While real property taxation continues to be the major source of revenue, the proportion of total revenue which it produces has declined from 67 per cent in 1940 to 60.5 per cent in 1957. The business tax provides almost 10 per cent of the total; revenues from licenses, fees, fines and miscellaneous non-tax sources are fairly constant at about 12 per cent of the total; and the electricity and gas sales tax, franchise taxes, and contributions from city utility profits now yield less than 4 per cent of total revenue. The broadening of the revenue base has resulted from (a) the increase in Provincial Government grants, which now provide almost 8 per cent of total municipal revenue as compared with less than one-half of one per cent in 1940; (b) the increase in Provincial

Government educational grants paid to the School Board; and (c) the increase in payments in lieu of taxes on exempt properties which now represent approximately 6.5 per cent of total revenue as compared with 1.3 per cent in 1940. Accordingly, while municipal expenditures in Winnipeg have increased very substantially, the proportion financed by real property taxation has declined with the broadening of the revenue base.

Notwithstanding this criticism and in the face of major developments in taxation, the real estate tax, retaining its basic characteristics, has remained and in all probability will continue to be the main pillar of the municipal tax structure.

A number of factors account for the continued importance of the tax in municipal finance. In my Report on Provincial-Municipal Relations in British Columbia, I set some of them out as follows: "Real estate forms a large portion of the assets of a community and is an important source of income; it derives its value in large part from the general growth and development and the status of the community; it is located within, and is not removable from, a single locality; and it benefits very materially, particularly in urban areas, from the principal municipal services and expenditures. Under normal conditions and in times of stable or increasing income the

Chapter III

REAL PROPERTY TAXATION

The real property tax is the mainstay of municipal finance in Canada. It is also the principal source of municipal revenue in the United States and a major source of such revenue in other countries. One of the oldest forms of taxation, it has been subject to widespread and organized criticism for many years. Notwithstanding this criticism, and in the face of major new developments in taxation, the real estate tax, tenaciously retaining its basic characteristics, has remained and in all probability will continue to be the main pillar of the municipal tax structure.

A number of factors account for the continued importance of the tax in municipal finance. In my Report on Provincial-Municipal Relations in British Columbia, I set some of them out as follows: "Real estate forms a large portion of the assets of a community and is an important source of income; it derives its value in large part from the general growth and development and the status of the community; it is located within, and is not removable from, a single locality; and it benefits very materially, particularly in urban areas, from the principal municipal services and expenditures. Under normal conditions and in times of stable or increasing income the

real estate tax is the only tax of which the yield can be predicted with accuracy for budgetary purposes, and, having regard to the legal and natural restrictions on the municipal tax base, it is one of the few taxes that can be successfully imposed and administered by local governments. Other taxes, such as income and sales taxes, require much larger areas than the average municipality for successful administration if wide disparities in rates in adjoining areas and wholesale evasion are to be avoided."¹

It is submitted in criticism of the tax that it violates the principle of taxation according to individual ability to pay. The answer is that, while the ownership of real property may be an indication of ability to pay, it is not a satisfactory measure of relative tax-paying capacity, and, therefore, the property tax as presently levied does not rest on the principle of ability to pay. It is not a personal tax based on income or net worth; it is a levy on individual parcels of real property determined by applying a uniform rate to the assessed value and is payable by the taxpayer without regard to his total taxable capacity. In a more primitive stage of economic development, the ownership of property was a sufficiently broad measure of tax-paying ability and the property tax could be said to have been more or less based on ability to pay, but with the complicated and elaborate differentiation of wealth in the modern economy this is no longer the case.

¹Report of the Royal Commission on Provincial-Municipal Relations in British Columbia, 1947, p. 55.

There are two principal theories of taxation: the "benefit" theory, which holds that the citizen should contribute to the support of the state in accordance with the benefits he receives from it, and the "ability to pay" theory, which holds that he should contribute in accordance with his ability to pay. While fairness and equity call for the application of the latter principle whenever possible, no modern system of taxation is based exclusively on either theory. With the great increase in governmental expenditures and the levying of taxes on the same citizens by different units of government, the total tax structure necessarily includes taxes based on ability to pay, taxes related to benefits conferred, and taxes, such as excise and sales taxes, which are levied with little regard to either of these principles.

While recognizing the merits of distributing the tax burden as far as possible on the basis of ability to pay, it is also necessary to recognize the fact that there are forms of taxation to which, because of their nature, this basis is not applicable. These include excise and sales taxes levied on commodities, and the real estate tax levied by each municipality on individual parcels of real property within its boundaries without regard to the income or other assets of the owner. The ability to pay principle is in fact applicable only to taxation of net income or net worth, which are measures of tax-paying capacity, and such taxation can be levied

and administered effectively in the modern economy only by the senior levels of government. Since these taxes are among the most productive forms of taxation, the application of the progressive principle to them tends towards a greater equalization of the over-all tax burden.

The justification of the real property tax today will be found primarily in the benefit theory of taxation. This theory is particularly applicable in municipal finance; it could scarcely be applied to the more general field of federal finance. While the imposition of taxes solely on the basis of direct benefits received by the individual taxpayer would not be sound or equitable, even if it were possible, the fact remains that municipal expenditures confer special benefits on owners and occupiers of real estate. Expenditures for local improvements, a water supply, street maintenance, sewage systems, garbage removal, sanitation, and police and fire protection, are directly beneficial to real property. The benefits conferred justify the levying of a property tax to pay for these services, although the tax payment is admittedly only a rough measure of such benefits.

Property also benefits from other services financed in whole or in part by the municipality. It has been submitted that education is a service to persons and not to property and should, therefore, be financed by taxes on persons only. Insofar as this submission denies the fact that schools also confer benefits on property, I reject it

as invalid. While schools are a community asset conferring benefits on persons, they also directly or indirectly benefit property, whether residential, commercial or industrial. The value of schools to homes will not be questioned; people will not settle in communities without schools. Insofar as industry is concerned, it is on the school system that it depends for the education and training of its future employees, and in communities without schools for the children of employees there will not be found the pool of labour which is one of the determining factors in industrial location. To the degree that the financing of education is a municipal responsibility, I am therefore of the opinion that it is reasonable to expect that real estate, whether residential, industrial or commercial, should contribute towards the costs.

With respect to the submission that the costs of municipal services should be apportioned in terms of benefits conferred on persons and property, respectively, I agree with the following statement from the Report of the Alberta Royal Commission on Taxation, 1948:¹

"It has been submitted that property taxes should be used to pay only for those services which benefit property directly or indirectly, and that taxes on persons be used to pay for services that benefit persons. Not only is there the difficulty of separating property benefits and personal benefits: it should also seem evident that only persons pay taxes, and in the final analysis, only persons can derive

¹Report of the Royal Commission on Taxation, Alberta, 1948, p. 37.

benefits. The benefits of collective services are widely diffused, and no precise lines can be drawn as between different services, and as to the proportions of benefits accruing to persons and to property, even if one assumes that there is a valid distinction between personal and property benefits. If one pursues the benefit principle to the limit with respect to persons (who make use of property in various ways), then one would be charging these persons in accordance with benefits received, if the benefits could be determined. It also implies that persons could refuse to take the benefits concerned to avoid payment; this is not possible in the case of collective services. One of the functions of government is to provide certain collective services which cannot or will not in themselves be bought and sold by individuals."

It has been submitted that since the benefits of the collective services provided by the municipality are widely diffused, it is unfair to impose the larger share of the costs on real estate. It is assumed in this submission that the property tax falls in all cases upon the person who pays it and that the major share of the burden of municipal costs is, therefore, borne by the small proportion of the population owning real estate. This assumption disregards the process of tax shifting. In the case of residential property, it is not only the home-owners who pay a property tax; it is a fact that the tax on rented dwellings tends to be shifted to the tenants in their rentals. It follows that the property tax on homes is generally borne by tenants and owner-occupiers. Similarly, in the case of commercial property, the tax on buildings tends to be passed on to the occupant and if, for example, the occupant is a merchant, he will necessarily

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take the tax into account in determining the mark-up on his goods, thereby shifting it to the consumer in the price of the merchandise. While the ability to shift the tax varies with economic conditions and other influences and is, admittedly, not based on any principles of equity, it is a fact that the property tax is fairly widely diffused so that, if the benefits conferred by municipal services are diffused, the costs of the services are shared, in varying proportions, by all residents, whether as property-owners, tenants or consumers.

382. (1) Land, as distinguished from the buildings thereon, shall be assessed at its value at the time of the assessment.

(2) In assessing land having buildings thereon, the value of the land shall be set down in one column. In another column shall be set down the sum which shall represent two-thirds of the value of the buildings thereon. The value of the land and the said proportion of the value of the buildings shall together form the assessment in respect of the property.

The Assessment Commissioner is thus obligated by law to review the valuation of every parcel of rateable property in the City for purposes of assessment at least once every three years and to assess it "at its value at the time of assessment". A periodic review of assessed valuations in the light of changing conditions is essential to a fair and proper administration of the real estate tax. As a result of such periodic re-assessments and the addition of the value of new construction to the assessment roll, the

Chapter IV

THE ASSESSMENT OF REAL PROPERTY IN WINNIPEG

The rateable assessment is the base of the real estate tax. The provisions of the Winnipeg Charter governing assessment read, in part, as follows:

275. At least once in each three consecutive years, the assessment commissioner shall, after enquiry, and aided by such information as may be furnished to him, make a valuation of every parcel of rateable property in the city according to his best judgment, and enter such valuations in an assessment roll to be prepared by him annually in an appropriate form approved by council....

282. (1) Land, as distinguished from the buildings thereon, shall be assessed at its value at the time of the assessment.

(2) In assessing land having buildings thereon, the value of the land shall be set down in one column. In another column shall be set down the sum which shall represent two-thirds of the value of the buildings thereon. The value of the land and the said proportion of the value of the buildings shall together form the assessment in respect of the property.

The Assessment Commissioner is thus obligated by law to review the valuation of every parcel of rateable property in the City for purposes of assessment at least once every three years and to assess it "at its value at the time of assessment". A periodic review of assessed valuations in the light of changing conditions is essential to a fair and proper administration of the real estate tax. As a result of such periodic re-assessments and the addition of the value of new construction to the assessment roll, the

total rateable assessment of Winnipeg has increased from \$169,400,000 in 1940 to a figure estimated at more than \$386,300,000 in 1957, as is shown in Table 3.

Table 3

CITY OF WINNIPEG

RATEABLE ASSESSMENT, 1940-1957¹

<u>Year</u>	<u>Land</u>	<u>Buildings</u>	<u>Total Realty</u>
1940	\$60,389,758	\$109,040,725	\$169,430,483
1945	60,162,582	118,315,330	178,477,912
1950	69,291,415	175,980,400	245,271,815
1951	69,999,041	184,424,221	254,423,262
1952	72,700,632	199,555,423	272,256,055
1953	74,656,500	211,550,875	286,207,375
1954	77,288,740	224,016,380	301,305,120
1955	81,822,320	241,459,300	323,281,620
1956	84,340,305	282,959,815	367,300,120
1957 ²	87,194,610	299,188,290	386,382,900

The assessed valuation of both land and buildings has increased in each year since 1945. The relatively large increase in building assessments in 1956 followed the completion of a re-assessment of all properties which began in 1952. A number of briefs presented to me were directed at this re-assessment and the resultant increase in valuation.

¹Excluding assessment of C.N.R. and C.P.R. railway properties; these were transferred to the exempt column of the roll in 1954.

²Estimate.

It was submitted, inter alia, that:

1. The effects of the re-assessment were discriminatory: while the assessment of older residential properties was increased very substantially, there was relatively little increase in the assessment of commercial properties.

2. The discrimination against older residential properties arose from the fact that, whereas the principal factor in assessment before 1952 had been replacement cost less depreciation, the Assessment Commissioner introduced market value as a major factor in the re-assessment of 1952-1956.

3. The Winnipeg Charter should be amended to provide that replacement cost less depreciation should be the yardstick for valuation of buildings for assessment purposes.

4. The Assessment Commissioner increased assessments of older residential properties because the City Council was faced with increasing budget expenditures.

In view of these submissions, I have made a careful inquiry into the recent re-assessment of properties in Winnipeg. My findings in this matter are based upon answers to questions submitted by me to the Assessment Commissioner, detailed information prepared at my request by the Assessment Commissioner, and independent checks of various aspects and results of the re-assessment of both commercial and residential properties since 1951.

I find that the re-assessment was made in the proper discharge of the responsibilities imposed upon the Assessment Commissioner by law. The Winnipeg Charter obliges him to value every parcel of rateable property at least once every three years and to assess it at its value at that time. There had been a re-assessment between 1947 and 1949 on the basis of the 1946 level of construction costs. In my opinion, the continued rise in these costs and in market prices fully warranted another re-assessment beginning in 1952. No evidence was submitted to me in support of the allegation that this re-assessment was motivated by increasing budget requirements. The Assessment Commissioner does not attend budget meetings of the Finance Committee of City Council and is not advised in advance of probable budget requirements. I find that he acts independently of budget considerations and so acted in the re-assessment which was completed in 1956.

The Winnipeg Charter requires that land be assessed "at its value at the time of assessment" and buildings at two-thirds of their value. It does not define "value" nor does it set out the factors to be taken into account in determining "value". The valuation is to be made by the Assessment Commissioner "according to his best judgment". It was submitted to me that reproduction cost less depreciation was the measure of value in the assessment of buildings until 1952 when the Assessment Commissioner introduced a new factor, that of market or

sale value, which allegedly prejudiced the position of older residential properties.

The contention that market value was not a factor in property assessments in Winnipeg prior to 1952 has not been substantiated. It would be strange indeed if an assessor did not look at market value as one of the considerations which must enter into the valuation of property, if only to check on the other methods of arriving at such valuation. This is common assessment practice. Valuation for assessment purposes is a complex problem; it cannot be properly determined if the assessor is to be restricted to consideration of only one factor. In a decision on an assessment under the provisions of the Winnipeg Charter, Mr. Justice P.J. Montague held that ".....in determining value every factor, past, present, future or potential which enables its owner to 'exchange' property for money, must be taken into account".¹

It is relevant to note the provisions of the assessment legislation of two provinces which set out factors for consideration by the assessor in arriving at value:

The Ontario Assessment Act (Section 33 as amended) provides that:

"In assessing land having buildings thereon the value of the land and buildings shall be ascertained by giving consideration to present

¹In re Phillipps Estate, (1934) 41 Manitoba Reports, p. 582.

use, location, cost of replacement, rental value, sale value, and any other circumstances affecting the value....."

Section 328 (1) of the Municipal Act of British Columbia, enacted in 1957, provides that:

"Land and improvements shall be assessed at their actual value. In determining the actual value, the Assessor may give consideration to present use; location, original cost, cost of replacement, revenue or rental value, and the price which such land and improvements might be reasonably expected to bring if offered for sale in the open market by a solvent owner, and any other circumstances affecting the value..."

It will be noted that in each of these Acts both replacement cost and sale value are set out among the factors to be taken into account by the assessor. These two factors are not unrelated. It is accepted practice to estimate the present reproduction cost as the first step in the valuation of buildings. This tends to set the upper limit of assessable values. Allowances are then made for physical depreciation, obsolescence and other factors affecting value. Theoretically, the resultant figure should approximate market value because, in the long run, competition tends to force market price to approximate replacement cost, although at any given time it may be higher or lower than replacement cost. Thus, while market value as such should not be the sole determinant in assessment, it is clearly a relevant and important consideration.

I find that the Assessment Commissioner followed approved practice in the re-assessment of 1952-1956. While

replacement cost less depreciation is the basis of building assessments in Winnipeg and was the basis in the recent re-assessment, the Commissioner properly had regard also to market value and to other relevant considerations. In arriving at the new valuations, he was applying a recognized assessment principle that "property assessments must be based on a level of values which provides a reasonable margin between current construction costs and real estate sale prices and which can be justified over a period of years". During the period of re-assessment, while the

The determination of replacement costs on an equitable basis requires the establishment of a level of structural costs which could be applied uniformly to all buildings. I am advised that the level of costs adopted for the purposes of the re-assessment was approximately 25 per cent less than 1954 costs, which would be the equivalent of the costs prevailing in 1949-1950. Having adopted a level of construction costs which was more realistic in relation to changed economic conditions, the Assessment Commissioner proceeded to apply it in the valuation of the 50,000 buildings in the City of Winnipeg. Since commercial properties represent only about 10 per cent of the total properties and since data affecting the economic value of such properties are required to be reported periodically to the Assessment Commissioner, the re-assessment of most classes of commercial properties was completed between

1952 and 1955 and the revised assessments were entered in the assessment rolls in the year in which they were completed.

The re-assessment of the 45,000 homes in Winnipeg, representing about 90 per cent of the total properties, involved more work and required more time, with the result that the new assessments were entered in the roll only in 1956. The fact that the increased assessments of most commercial properties became effective between 1952 and 1955, during the period of re-assessment, while the increased assessments of residential properties were entered in the one year, 1956, accounts in large part for the complaints of home-owners and the allegations of discrimination against them. The delay, however, actually benefited the home-owners since they continued paying taxes on a lower valuation until 1956. In my opinion, the revised assessments arising from the periodic re-assessment of all properties should, in the case of both commercial and residential property, be entered in the assessment roll at the same time on the completion of the re-assessment.

It was submitted to me that the effects of the re-assessment were discriminatory in that the assessment of residential properties, more particularly of older homes, was increased very substantially while there was little or no increase in the assessment of commercial properties. Having regard to the fact that the increases entered in the

assessment roll in 1956 represented the completion of a re-assessment of all properties which began in 1952, the foregoing criticism cannot be properly evaluated by comparing only the assessment rolls of 1955 and 1956. It is necessary to compare the increase in assessments of residential and commercial properties over the period 1951 to 1956. In total assessment during the period was therefore

The Assessment Commissioner has prepared for me the following analysis of the assessment increase for the period 1951-1956:

	<u>Land</u>	<u>Building</u>	<u>Total</u>
	\$	\$	\$
Total Assessment Increase, 1951-56.....	15,005,990	106,986,070	121,992,060
Assessment Increase attributable to new construction (Land - Local Improvements, Buildings, Permits)...	3,201,075	57,225,500	60,426,575
Residential Increase attributable to re-assessment.....	2,451,380	29,047,680	31,499,060
Commercial Increase attributable to re-assessment.....	9,353,535	20,712,890	30,066,425

In making this analysis, permit values (construction cost) were adjusted to assessment level; permit values for alterations and repairs were divided equally between residential and commercial buildings; tax exempt properties of the C.P.R. and C.N.R. were excluded. Apartment houses are included in commercial properties.

The analysis shows that:

1. Of the total increase of approximately \$122,000,000 in realty assessment during the years 1951-1956, \$60,400,000 or 49.5 per cent was attributable to new construction and increased land values due to local improvements, and approximately \$61,600,000 or 50.5 per cent to re-assessment. The increase in total assessment during the period was therefore about equally attributable to new construction and to re-assessment.

2. Of the total increase of \$61,600,000 attributable to re-assessment approximately \$31,500,000 represented increased assessments of residential property while \$30,000,000 represented increased assessments of commercial property.

A further analysis of data prepared and calculations made at my request by the Assessment Commissioner shows the following relative changes since 1950:

	<u>1950</u>	<u>1956</u>	<u>Increase</u>	<u>Percentage</u>
	<u>(million dollars)</u>			<u>Increase</u>
Total Assessment	\$245.4	\$367.4	\$122.0	49.7%
Residential Assessment	112.7	179.3	66.6	59.0%
Commercial Assessment	132.7	188.1	55.4	41.7%
Residential Assessment as percentage of total	45.9%	48.8%	-	-
Commercial Assessment as percentage of total	54.1%	51.2%	-	-

On the basis of these figures:

1. The assessment of residential properties, excluding apartment houses, has increased since 1950 by \$66,600,000 or 59 per cent, while the assessment of commercial property has increased \$55,400,000 or 41.7 per cent.

2. Residential assessment as a percentage of total assessment has risen from approximately 46 per cent in 1950 to almost 49 per cent in 1956, while commercial assessment has declined from 54 per cent of the total in 1950 to 51 per cent in 1956.

Excluding from these figures the increase attributable to new construction, the relative change arising from re-assessment alone has been as follows:

	<u>1950</u>	<u>Increase to 1956 Attributable to Re-Assessment</u>	<u>Percentage Increase</u>
	(million dollars)		
Residential Assessment	\$112.7	\$31.5	27.9%
Commercial Assessment	132.7	30.1	22.7%

These figures do not sustain the submission that the re-assessment since 1951 has resulted in a substantial increase in residential assessments only, with little or no increase in commercial assessments. They show an increase of approximately 28 per cent in residential property assessment as compared with an increase of approximately 23 per cent in the assessment of commercial property, the latter including apartment houses. The difference is in large part

explained by the relatively higher percentage increase in the assessment of older residential properties.

I have given long and careful consideration to the allegation that the re-assessment discriminated against residential property in general and older houses in particular and that, in consequence, commercial property was favoured. It is a basic requirement that assessments be equitable and it is of great importance that no group of taxpayers be allowed grounds to believe that it has been the object of discrimination. I have accordingly made sample checks of both residential and commercial re-assessments and my findings are based thereon.

An independent check of 180 commercial building assessments in the downtown business district shows that the same replacement cost basis was applied to commercial properties as was applied to residential properties; that each commercial assessment has been thoroughly re-examined by an assessor not less frequently than every three years; that of the 180 assessments checked, 179 have been substantially increased in the period since 1950, after making due allowance for new construction and re-modelling; that the percentage increase ranged from 6.6 per cent to 51 per cent; and that the average increase over the period, excluding increases for new construction, was approximately 28.5 per cent.

land ass With respect to residential property assessments, the increase resulting from the re-assessment ranges from zero to over 60 per cent. While there was relatively little change in the assessment of recently constructed houses, since these were already assessed on the basis of the higher costs of construction of the past five or six years, there was an increase of from 40 per cent to 60 per cent in the valuation of the majority of older houses. This increase resulted from the application of the higher and more realistic basis of replacement costs and a reduction in the maximum normal depreciation from 70 per cent to 60 per cent. Comparing assessed values of houses in various age groups with market values, I find that, prior to the re-assessment, the older houses were considerably under-assessed in relation to newer homes; the latter were assessed on a basis closer to current replacement costs while the assessment of older homes was based on unrealistic cost levels. Accordingly, I find that a relatively higher percentage increase in the assessment of older residential properties was necessary in order to establish a more equitable relationship in the assessed valuation of properties of various ages.

The analysis of the assessment increase for the period 1951-1956 attributable to re-assessment shows that of the increase of \$31,500,000 in residential property assessment, approximately \$2,500,000 represented increased

land assessment, while the increase of \$30,000,000 in commercial property assessment included a rise of approximately \$9,400,000 in land assessment. I find that an upward adjustment in commercial land assessments is warranted in recognition of the extension for commercial and industrial use of land formerly used for residential or mixed purposes.

My inquiry into the recent re-assessment leads me to conclude that the re-assessment was warranted by the higher level of construction costs which required a new replacement cost basis; that the new cost basis was conservative in that the overall assessment increase of 25 per cent arising from the re-assessment compares with an increase of almost 30 per cent in construction costs during the same period; that the same basis and principles were applied to commercial and to residential properties and that there were substantial assessment increases in both classes of properties; and that, having regard to the basic requirement of equity in assessments, the re-assessment was not discriminatory in its effects on residential property in general or on older houses in particular.

Chapter V

THE BURDEN OF REAL PROPERTY TAXATION IN WINNIPEG

The submissions made to me with respect to the taxation of real estate in Winnipeg were directed primarily at the alleged discriminatory effects of the re-assessment which was completed in 1955. I have already dealt with this matter at length. Additionally, proposals for changes in the basis of the real estate tax were submitted which suggested that the tax is unduly burdensome on home-owners and inequitable in its application to them.

An analysis of trends in Winnipeg's municipal revenues since 1940 has shown important shifts in the distribution of the burden of municipal financing.¹ With the broadening of the revenue base, the proportion of total revenue produced by real property taxation has declined from 67 per cent in 1940 to 60.5 per cent in 1957. Total revenue in 1957 is estimated at \$31,141,000, of which the estimated revenue from real estate is \$18,826,000 distributed as follows:

General Property Tax.....	\$16,614,000
Local Improvement and Special Taxes...	1,772,000
Greater Winnipeg Water District Levy (on land only).....	439,000

It is important to note that taxes on account of local improvements are now equal to approximately 10.7 per cent of the revenue from the general property tax, the

¹Chapter II and Table 2.

latter being the yield of the mill rate applied to the rateable assessment. While revenue from this tax has increased about 168 per cent since 1940, local improvement taxes have risen more than 287 per cent in the same period. The backlog of deferred expenditures built up during the depression and war years called for a large post-war programme of local improvements - pavements, sidewalks, sewers, etc. - which has added substantially to total real estate taxation. Since the costs are generally being amortized over a period of ten years or less, the taxes levied to pay for these improvements will be eliminated within four or five years. This will afford relief to a large number of taxpayers, at least to the extent that the decrease in local improvement taxes is not offset by an increase in the general property tax.

The realty tax rate for general municipal and school purposes of 43 mills in 1957 compares with 44 mills in 1956 and 45 mills in 1955. The reduction was made possible by the increase in assessed valuation and the broadening of the city's revenue base through the increase in provincial grants and in payments in lieu of taxes on exempt properties. The total assessment of residential and commercial property in 1957 was estimated at \$386,382,000 and the general property tax yield at \$16,614,000. The estimate of total real property tax revenue, including local improvement taxes and the Water District levy, was

\$18,826,000. It has been suggested that the tax is unduly burdensome, at least insofar as home-owners are concerned.

With respect to the over-all burden of real property taxation in Canada, the Gordon Commission has reported that: "As a percentage of personal disposable income, real estate taxes have declined from 5.75% in 1939 to 3.77% in 1955."¹ In Winnipeg, total real property taxation rose from \$7,389,000 or \$33.21 per capita in 1939 to \$18,202,000 or \$71.65 per capita in 1956 - an increase of about 115 per cent per capita, as compared with an increase from \$24.29 to \$57.64 or about 137 per cent in average weekly earnings during the same period.² The broad conclusion of the Gordon Commission that property taxes have not risen to the same degree as money incomes since 1939 is, therefore, applicable to Winnipeg. It is relevant to note that the Goldenberg Commission, reporting in 1939, did not find that the burden of the real property tax was then excessive.³

That the tax levy is now less burdensome than in 1939 is reflected in the following comparative figures showing the percentage of the total current levy collected in 1939 and in the past three years:

¹Preliminary Report of the Royal Commission on Canada's Economic Prospects, 1956, p. 96.

²Dominion Bureau of Statistics: Canadian Statistical Review, October 1957, p. 19, and 1955 Supplement, p. 44.

³Report of the Royal Commission on the Finances and Administration of the City of Winnipeg, 1939, pp. 344-345.

Table 4

WINNIPEG: TAX COLLECTIONS

Year	Total Current Levy ¹	Current Levy Collected	Percentage of Current Levy Collected
1939	\$ 8,414,527	\$ 6,789,484	80.7
1954	17,829,425	17,003,675	95.4
1955	19,096,928	18,235,932	95.4
1956	21,191,486	20,043,382	94.6

The fact that 95 per cent of the current levy is now collected as compared with 80 per cent in 1939, leads to the conclusion that the great majority of Winnipeg taxpayers have found their municipal taxes less burdensome in the past three years than in 1939.

Table 5 presents an analysis of residential building assessments in 1956, prepared by the Assessment Commissioner at my request, which is relevant to a consideration of the tax burden on home-owners. The figures represent the assessment of buildings at two-thirds of their value and exclude the assessment of land. They show that of 43,639 single family dwellings in Winnipeg:

1. 14,270 homes or 32.7 per cent of the total are in the assessment range from \$2,000 to \$3,000;
2. 20,690 homes or 47.4 per cent of the total are in the assessment range not exceeding \$3,000;

¹Including general realty tax, local improvement and special taxes, Greater Winnipeg Water District levy, and business tax.

Table 5

CITY OF WINNIPEG

ANALYSIS OF RESIDENTIAL BUILDING ASSESSMENTS, 1956

Single Family Dwellings Only

Range of Assessment	Number of Dwellings	% of Total
0 to \$ 500	270	0.6%
500 to 1,000	861	2.0
1,000 to 2,000	5,289	12.1
2,000 to 3,000	14,270	32.7
3,000 to 4,000	10,346	23.7
4,000 to 5,000	6,360	14.6
5,000 to 6,000	3,836	8.8
6,000 to 7,000	1,221	2.8
7,000 to 8,000	498	1.1
8,000 to 9,000	287	0.7
9,000 to 10,000	167	0.4
10,000 to 15,000	179)	0.5
15,000 to 20,000	37) -	
	18)	
over 20,000	18)	
Total single family dwellings =	43,639	100%

3. 31,036 homes or 71.1 per cent of the total are in the assessment range not exceeding \$4,000;

4. 37,396 homes or 85.7 per cent of the total are in the assessment range not exceeding \$5,000;

5. 41,232 homes or 94.5 per cent of the total are in the assessment range not exceeding \$6,000;

6. 2,407 or 5.5 per cent of the total are assessed at more than \$6,000;

7. 234 homes or .5 per cent of the total are assessed at more than \$10,000, of which only 18 are assessed at more than \$20,000.

While the foregoing figures suggest that some higher-priced homes may be relatively under-assessed, and that this situation should be corrected, they do not point to an undue burden of taxation on the owners of smaller homes.

My inquiry into the assessment and taxation of real property in Winnipeg leads me, therefore, to conclude that the tax on real estate is not excessive and that, in fact, it is less burdensome than it was twenty years ago. The tax pays the larger part of the costs of services which are essential to the well-being of the residents of the City and these services have been increased and improved in the past few years in response to their demands. Taxes have risen as have the costs of other goods and services purchased by the taxpayers, and it appears to me that there is less

reason for complaint about the rising costs of municipal services, represented by taxation, than there is for complaint about the rising costs of other goods and services. Many of the latter are far less essential than are schools, streets, sidewalks, water and sewerage facilities, police and fire protection, and recreation facilities. I do not find that the Winnipeg taxpayer is over-paying for these services; in my opinion, he is receiving more value for his municipal taxes than for his other expenditures.

While I find that the real property tax in Winnipeg is in general not unduly burdensome, there are admittedly cases in which it is relatively more burdensome and perhaps unduly so. The recipients of fixed incomes are penalized by higher taxes in the same way as they are penalized by the higher costs of other goods and services; to the extent that the purchasing power of their income has declined, rising taxes constitute a relatively greater burden. This accounts for some of the criticism of the real property tax, although this criticism is equally applicable to all other rising costs. In the case of taxpayers whose money income has increased more than the increase in the real property tax, the fact that taxes paid to the federal and provincial governments are now taking a much higher proportion of total personal income than formerly tends to obscure their relatively improved position in terms of municipal taxation. They continue to level their criticism at the real estate tax.

It is my considered opinion that an important factor contributing to the dissatisfaction with the real property tax is that it involves a large lump sum payment annually. While personal income tax is now collected through payroll deductions in the case of salaried people and wage earners, and on a quarterly basis in other cases, the real estate tax is due and payable in whole at one time. This makes it appear more burdensome than other payments which are spread over the year. The wide extension of the system of payment for purchases on the instalment plan has now accustomed a large proportion of the population to budget its outlays on a monthly basis. In the case of mortgages under the National Housing Act property tax payments are included with the monthly mortgage payments, and in the United States a large number of cities now provide for the instalment payment of municipal taxes. This allows the taxpayer to provide for his tax payments in the same way as he provides for other payments during the year. Instalment payments are, or appear to be, less burdensome than payment in a lump sum, and if applied to the real estate tax, I am of the opinion that payment would be eased and the dissatisfaction of the taxpayer lessened.

It appears to me that, with the modern mechanical procedures and forms now installed in the City's Finance Department, there should be no undue difficulty in introducing a system of instalment collection of the real estate

tax in Winnipeg. It is my opinion that the adoption of such a system would be in the best interests of the City and its taxpayers. Accordingly, I recommend that the Finance Commissioner be instructed to investigate the instalment collection of real property taxes on a monthly or, at least, a quarterly basis and to prepare a plan for such collection appropriate to the City of Winnipeg.

While it is my opinion, based on the facts which I have ascertained, that the real estate tax in Winnipeg is not excessive today and that the burden of payment could be eased by a system of monthly or quarterly collection, it does not follow that the tax will not become unduly onerous if it is called upon to finance the bulk of prospective increases in the City's requirements. I have pointed out that the tax was not found excessive following an inquiry in 1939 and that, comparing the percentage increase in the per capita revenue from the tax with the percentage increase in weekly earnings since 1939, the levy is now generally less burdensome than in the latter year. However, a comparison of the corresponding percentage increases between 1947 and 1956 shows that the rate of increase in tax revenue per capita has exceeded the rate of increase in weekly earnings. Total real property tax revenue has risen from \$8,646,000 or \$36.91 per capita in 1947 to \$18,202,000 or \$71.65 per capita in 1956, that is, an increase of 94 per cent per capita, while weekly earnings

have in the same period risen from \$33.37 to \$56.64 or approximately 73 per cent.¹ Accordingly, while the tax is not presently excessive, it could become excessive if this spread continues to widen unduly.

Various proposals in the system of real property taxation have been submitted for my consideration. These will be considered in the light of findings and conclusions which I have already set out, namely that:

(a) The real property tax is not levied according to individual ability to pay; it is justified primarily on the basis of benefits conferred by municipal services;

(b) By the process of shifting, the tax on buildings is fairly widely diffused so that it is in fact paid by all residents in varying proportions, whether as property-owners, tenants or consumers;

(c) The property tax in Winnipeg is not excessive today and is less burdensome than it was twenty years ago;

(d) Since the municipal revenue base, although broadened in recent years, remains relatively narrow and inelastic, any changes which may have the effect of further narrowing the base should not be introduced unless they are both warranted and administratively feasible.

1. A 22% Reduction of Taxes of Old Age Pensioners Owning and Living in Their Own Homes

This proposal aims to give modest relief to pensioners who are also home-owners. There is no doubt that recipients of fixed incomes are penalized by rising

¹ Dominion Bureau of Statistics: Canadian Statistical Review, October 1957, p. 19, and 1955 Supplement, p. 44.

Chapter VI

CONSIDERATION OF PROPOSED CHANGES IN REAL PROPERTY TAXATION

Certain proposed changes in the system of real property taxation have been submitted for my consideration. These will be considered in the light of findings and conclusions which I have already set out, namely that:

(a) The real property tax is not levied according to individual ability to pay; it is justified primarily on the basis of benefits conferred by municipal services;

(b) By the process of shifting, the tax on buildings is fairly widely diffused so that it is in fact paid by all residents in varying proportions, whether as property-owners, tenants or consumers;

(c) The property tax in Winnipeg is not excessive today and is less burdensome than it was twenty years ago;

(d) Since the municipal revenue base, although broadened in recent years, remains relatively narrow and inelastic, any changes which may have the effect of further narrowing the base should not be introduced unless they are both warranted and administratively feasible.

1. A \$25 Remission of Taxes of Old Age Pensioners
Owning and Living in Their Own Homes

This proposal seeks to give modest relief to pensioners who are also home-owners. There is no doubt that recipients of fixed incomes are penalized by rising taxes as they are by rising prices of goods and services

generally. This applies with particular force to those who are dependent on a relatively small pension.

It does not follow, however, that a remission of a portion of the real estate tax payable by pensioners owning and living in their own homes is a sound approach towards the solution of their problem. It would in fact be inequitable because it would discriminate against pensioners who do not own their own homes. The latter are equally penalized by rising costs and by rising realty taxes which are passed on to them in their rent, and, generally speaking, are probably more deserving of special consideration than are pensioners owning their own homes.

Since old age pensions are now paid to all eligible persons who have attained the age of 70, the proposal is further inequitable in that there would be a remission of taxes to rich and poor home-owners alike. This could only be avoided by the introduction of a means test such as now determines eligibility for pensions in the 65-69 age group.

If it is the wish of the City to supplement the income of old age pensioners, it should do so directly and in relation to need without discriminating between home-owners and tenants. However, the payment of old age pensions is now a federal responsibility in the age group of 70 and over and a joint federal-provincial responsibility in the 65-69 age group: in my opinion the supplementing of such

pensions should be the responsibility of these governments and not of the municipality.

2. A \$500 Basic Exemption in the Assessment of All Homes

The real property tax base in Winnipeg is now limited by the legal requirement that buildings be assessed at two-thirds of their value. It is proposed that the base be further limited by adding to the one-third allowance on all building values a basic exemption of \$500 on the assessed value of each home. As I understand it, the exemption would apply only to single family homes and not to apartments or other multiple-family dwellings.

I am advised that in 1956 the proposed exemption would have effected a reduction of \$21,752,000 in total building assessments and of \$957,000 in revenue. Failing new sources of revenue to replace this loss, it would have been necessary to increase the rate on the remaining taxable assessment by 2.77 mills. In these circumstances, the resultant tax saving would have been relatively small for the large majority of home-owners. Accordingly, a \$500 exemption would further narrow the City's tax base without substantial benefits to the taxpayers concerned. I fear that if the proposal were implemented and this were found to be the result, pressure would be exerted on City Council to increase the exemption, and each such increase would be followed by demands for further increases favouring particular groups of property-owners. The resultant undermining

of the municipal tax base would be damaging in its effects on the City's finances, while the "savings" to the taxpayers who benefit would of necessity tend to be offset, directly or indirectly, through increases in the mill rate or the imposition of new taxes to compensate for the loss in revenue.

Implementation of the proposal would also create administrative difficulties. Is the exemption to apply only to homes which serve exclusively as dwellings? If so, there would be discrimination against the owner who uses a room in his home to carry on a small business or a profession. To avoid such discrimination, allowance would have to be made for numerous special situations of this kind, with the result that the problems of tax administration would be multiplied.

The proposed exemption is intended to reduce the tax burden on smaller homes by shifting some of it to larger homes, commercial property, and rental residential property. It is assumed that all owners of small homes are equally in need of tax relief, that the realty tax is levied in relation to ability to pay, and that a basic exemption is therefore appropriate as in the case of the personal income tax. I have already pointed out, however, that home ownership in itself or the size and location of a home are not necessarily measures of relative ability to pay and the realty tax is not levied on the basis of such ability. The tax finds its

justification primarily in the benefits conferred on real estate by the principal municipal services. It has not been submitted to me, and I doubt if it could be argued, that properties which would be favoured by the proposed exemption do not benefit from the services purchased with property tax revenues. Having regard to the nature of these services, such properties are, in my opinion, among their principal beneficiaries. A basic exemption could therefore not be justified in terms of fewer benefits conferred by civic services.

There are undoubtedly home-owners in the low income group who find the realty tax very onerous. If all persons with very low incomes were home-owners, the proposed exemption would offer some relief from the burden of taxation on an equitable basis. Since, however, this is not the case, the effect of the exemption would be inequitable: it would favour home-owners in the low income group and discriminate against all other persons in the same group, many of whom are in more straitened circumstances. By shifting a part of the tax to rental property, the proposed exemption would in fact aggravate the burden of families in the low income group whose circumstances do not allow home ownership and to whom increases in realty taxes tend to be passed on in the form of higher rentals.

Accordingly, I am of the opinion that the proposed exemption is not sound in terms of the basis on which real

property is taxed; that it would be discriminatory in its effects as between home-owners and other taxpayers; and that the resultant narrowing of the real property tax base would be contrary to the best interests of the City in terms of present and prospective financial requirements.

An alternative proposal submitted to me would allow a basic exemption of \$1,200 on all property, commercial and residential. While such an exemption might be less discriminatory in its effects, I find that it is otherwise subject to the same objections as the proposed \$500 exemption.

3. A Graduated Mill Rate on Homes

It is generally agreed that the real property tax is regressive in effect: it takes a larger proportionate share of low incomes than of high incomes. On the other hand, the personal income tax with rates varying directly with the size of income is a progressive tax: it makes for more equality in the distribution of income. Having regard to principles of fairness and equity in taxation, it has been suggested that consideration should be given to the possibility of overcoming the regressive features of the property tax by means of a graduated mill rate on homes.

The applicability of progressive rates to income taxation is clear because taxable income offers the closest approach to ability to pay. In the case of property taxation,

however, since home ownership is not in itself a satisfactory measure of relative tax-paying capacity, the application of graduated rates would tend to be discriminatory in its effect. The tax being levied on individual properties, the rate under the proposed system would be higher as the assessed value increases: it would be largely a tax on the size of buildings. It would bear no necessary relationship to ability to pay since it would take no account of the other assets owned by the taxpayer, thereby creating inequities. It would assume that a larger home reflects a greater ability to pay, whereas in fact it may merely reflect a need for more living space by a man with a large family. There would be further discrimination if the graduated rates were not also applied to apartment houses and other multiple-family dwellings.

Apart from its discriminatory features, a realty tax graduated according to the assessed value of individual properties would encourage the construction of larger and more expensive homes in the suburbs rather than in the City, unless graduated rates were introduced throughout the metropolitan area.

A number of submissions have referred to a form of graduated taxation of low-cost dwellings under the Ontario Assessment Act. Section 34 of the Act formerly authorized the council of an urban municipality, with the assent of the electors qualified to vote on money by-laws, to tax dwelling-

houses valued at less than \$4,000 on a percentage of the assessed valuation. The minimum percentage was 50 per cent if the assessed value was less than \$2,000, increasing by 10 per cent for each increase of \$500 in valuation. It is significant that only two municipalities, the City of Toronto and the town of New Toronto, made use of this authority, and that, after having been on the statute-books for many years, Section 34 was repealed in 1955, with the proviso, however, that any by-law passed under it and still in force continues in effect until it is repealed.¹ Since 1949 Toronto has exercised its authority in this connection under a private Act, the exemption now in force corresponding to that which Section 34 authorized.

Having regard to the regressive nature of the real estate tax, suggestions for changes in terms of progression are understandable. If it were the only tax payable, the costs of government would be indeed unfairly distributed. In considering the burden of taxation, however, it is necessary to look at the entire tax system. It will be found that regressive taxation, such as the property tax and the sales tax, is combined with the income tax and succession duties which, after allowing certain exemptions, are levied at steeply graduated rates. Whether the use of progression in these taxes produces an actual progression throughout the entire tax system cannot be determined with

¹1955 Ontario Statutes, cap. 4, sects. 9 (1) and 9 (2).

any degree of accuracy, but, if further progression is warranted, we should look to the income tax and succession duties, which are related to ability to pay, and not to the real estate tax which is levied on the assessed valuation of individual parcels of property without reference to the owner's tax-paying capacity.

It was submitted to me that a contributing factor to the regressivity of the property tax in Winnipeg is the undervaluation of larger and more expensive homes in relation to smaller homes. This is a criticism frequently made with respect to assessment practices in Canada and in the United States. "What is, however, sometimes overlooked in this criticism is that large properties are not always valuable in proportion to their size; large homes may sell at a discount from reproduction costs because they are no longer being reproduced or because they have high operating costs and are purchased by the owners only because of their low price and consequent low taxes. In this sense, the apparent undervaluation of large dwellings is illusory in the light of market values."¹

While undervaluation of more expensive homes in Winnipeg was alleged, no evidence was submitted in support of the allegation. I have found that the Assessment Commissioner is applying accepted scientific principles to determine values on an equitable basis. I also find, however,

¹Walter A. Morton: Housing Taxation (The University of Wisconsin Press, Madison, 1955), p. 119.

that an analysis of residential building assessments, as shown in Table 5, provides ground for the belief that there are higher-priced homes which have been relatively under-valued.¹ The analysis shows that less than 1 per cent of single family dwellings in Winnipeg are assessed at more than \$9,000, that only 37 homes are assessed between \$15,000 and \$20,000, and that only 18 homes are assessed at more than \$20,000 - these figures representing the assessment of homes at two-thirds of their value and excluding the assessment of land. In my opinion, it is essential not only that assessments be equitable but that no group of taxpayers be allowed grounds for believing that they are not receiving uniformity of treatment with others. Accordingly, I recommend that the assessments of the higher-priced homes be reviewed by the Assessment Commissioner and revised as may be required.

4. Differential Taxation of Residential and Commercial Property

The desirability of differential taxation of residential and commercial properties has been urged in a number of submissions. The following alternatives have been suggested:

(a) That commercial buildings be assessed at 100 per cent and residential buildings at $66\frac{2}{3}$ per cent of actual value;

¹See Chapter 5.

(b) That commercial buildings be assessed at 90 per cent and residential buildings at 50 per cent of actual value;

(c) That a higher mill rate be levied on commercial properties than on residential properties.

These proposals seek to shift part of the burden of the real estate tax from home-owners to business. It is assumed that home-owners are over-taxed and, therefore, entitled to relief, that the tax on commercial buildings is necessarily borne by the owner and is not shifted, and that taxation at differential rates will be more closely related to taxation based on ability to pay. It is pointed out that commercial properties are operated for profit and that their owners are allowed to deduct municipal taxes as a business expense in computing their income tax, while home-owners are not allowed such a deduction. It is also submitted that there are precedents for the differential taxation of residential and commercial property in other provinces.

Some of the assumptions underlying the case for a tax differential have already been dealt with in this report. I have found that real estate taxation in Winnipeg is not excessive and that the burden on home-owners as a group is not unduly heavy. I have also pointed out that the real estate tax is not levied in relation to ability to pay, and, further, that the tax on commercial buildings tends to be passed on in the prices of goods and services. In my opinion

the justification of the property tax lies in the benefits conferred by municipal services on real estate, both residential and commercial. On this basis, there is ground for differential taxation if municipal services are found to confer greater benefits on commercial properties than on residential properties.

In my opinion, it could justly be argued in favour of differential taxation that business derives special benefits and privileges from municipal services and that some of these services are more costly because of the special or additional requirements of business. Furthermore, the fact that business is allowed to deduct municipal taxes as an operating cost for the purpose of computing income tax is a relevant consideration, although the actual saving depends upon the existence of taxable income and the relative tax rate. The submission, however, that these considerations warrant a differential in the real estate tax disregards the fact that business is already subject to differential taxation for municipal purposes. Every person carrying on business in any premises in Winnipeg is subject to the business tax based on the rental value of the premises, and the yield of this tax in 1957 was equal to 18 per cent of the yield of the mill rate on real property. Business is also subject to a differential under Section 442 of the Winnipeg Charter, which levies a sales tax of $2\frac{1}{2}$ per cent on electricity and

gas for domestic purposes and of 5 per cent on electricity and gas for commercial and other purposes. The proposed differential in the realty tax would therefore add to already existing differentials in municipal taxation.

It was submitted to me that precedents in other parts of Canada support the desirability of differential property taxation. I have, therefore, carefully considered each case to which reference was made. They are four in number:

(a) Edmonton

The City Act of Alberta, which came into force on January 1, 1952, when all city charters were repealed, authorizes the council of a city to assess residences at 50 per cent of fair actual value and business and other premises at 60 per cent of such value (Section 463 a). Edmonton had assessed on this basis under its charter and has continued to do so under the Act. It offers the only example of a municipality which by law assesses commercial buildings at a higher percentage of actual value than residential buildings.

The background of differential taxation in Edmonton has been described as follows:¹

"Under the old Edmonton charter single family residences were taxed on an assessable value of 50% of fair actual value, and all other buildings and improvements at 60%. Calgary had taxed all buildings and improve-

¹Report of the Royal Commission on the Metropolitan Development of Calgary and Edmonton, 1956, chapt. 9, p. 3.

ments on an assessment of 50% of fair actual value. When The City Act was passed in 1951, provision was made to use 60% of fair actual value because uniformity as to the percentage of assessed value to be adopted for purposes of taxation was strongly favored by the Province. And the cities were agreed that no city would possess any undue advantage in attracting new business or industry. Because of protests from Edmonton, where it was argued that taking 60% of the fair actual value of single family residences shifted an undue portion of the tax burden to residential taxpayers, The City Act was amended in 1953, to make provision for any city to classify buildings and improvements as residences, and to use 50% of the fair actual value thereof, as the value for purposes of taxation. Edmonton then passed the necessary bylaw. The present position is that Calgary takes 60% of the fair actual value of all buildings and improvements, while Edmonton takes 50% on buildings and improvements classified as single family residences, and 60% on the balance."

(b) British Columbia

Under the Provincial Home-Owner Grant Act, enacted in 1957, the Government of British Columbia makes a grant on account of the current real property tax levied on each owner-occupied home. The grant is \$28 if the tax is \$29 or more; if the tax is less than \$29 the grant is equal to the tax minus one dollar. The tax is reduced by the amount of the grant which is paid to the municipality by the Government.

This grant to home-owners is distinguishable from the proposals submitted for my consideration. It is a provincial - not a municipal - grant in aid of all home-owners living in their own homes, without regard to their financial position, and is applied directly to the payment of their

individual realty tax. It does not involve any remission of taxation by a municipality; it does not affect municipal finances or the municipal tax base; and it does not in any way change the assessment and taxation of real property or authorize the differential taxation of commercial and residential property by municipalities.

(c) Halifax

Until the introduction of differential taxation in Ontario in 1957, the City of Halifax was the only municipality in Canada which levied a higher mill rate on commercial property than on residential property. Land and buildings, both residential and commercial, are assessed at and taxed on full value, but an amendment to the Halifax Charter in 1942 fixed the tax rate on residential property at $3\frac{1}{2}$ per cent of its assessed value, that is, 35 mills, the residual revenue of the City to be provided by the rate applicable to business property and to the business tax, after other sources, such as the household tax, the poll tax, and miscellaneous taxes, were taken into account. Accordingly, commercial property has borne all the increase in tax rates in the last fifteen years, with the result that the rate applicable to it rose to 100.6 mills in 1952 and 99.5 mills in each of the years from 1953 to 1955, while the rate on homes remained at 35 mills. Mounting criticism of this discrepancy led to a re-assessment of all properties in 1955 in the hope that a more equitable distribution of the tax

burden would result. Accordingly, the assessment roll of 1956 showed an increase of almost 200 per cent in the assessed valuation of residential property and of 90 per cent in the valuation of commercial property. But the adjustment of the tax rate which followed afforded little relief to commercial property; in 1957 the rate of 47.5 mills on commercial property compared with a rate of 17.5 mills on residential property.

Continued criticism and taxpayer resistance led to the appointment of a Commission to inquire into the system of taxation in Halifax and to make recommendations for the raising of the City's revenues in an equitable manner. The Commission reported in December, 1957, after an exhaustive inquiry.¹ Its findings and recommendations are relevant to a consideration of proposals for differential taxation in Winnipeg.

The Commission found, inter alia, that:

i. "The taxation problem in the City of Halifax when comparing it with those in other cities of Canada, arises chiefly from four sources: The major source is the small proportion of commercial and industrial assessments to total assessment. The second in importance is the large ratio of low valued residential and commercial units. To these should be added the extra cost of rendering some of the essential services, and the undue proportion

¹Report of the Commission to Investigate the Taxation System in the City of Halifax, 1957.

of government tax exempted properties."¹

ii. Since 1947 the commercial tax burden in Halifax has increased by approximately 267 per cent, as compared with an increase of 50 per cent in the residential tax burden.²

iii. The burden of commercial and business taxes in Halifax has been more than twice the average of other cities in Canada.³

iv. The burden on commercial real estate "discouraged the consideration of any improvements to existing structures and seriously retarded the construction of new commercial buildings".⁴

v. The burden of taxation on commercial real estate "has been not only excessive, but oppressive. Consequently, the City has suffered from lack of commercial development and diminished sources of tax revenue".⁵

The Commission gave consideration to the re-establishment of a single rate on real property but came to the conclusion that the adjustment would require an excessive increase in the burden on residential real estate. In any event, and having regard to "the present emergency in the City of Halifax", the Commission found justification for

¹Ibid, p. 45.

²Ibid, p. 21.

³Ibid, p. 34.

⁴Ibid, p. 15.

⁵Ibid, p. 109.

differential rates and recommended as follows: that the rate on commercial property be reduced from 47.5 mills to 30 mills; that the rate on residential rental accommodation be increased from 17.5 mills to 25 mills; and that the rate on all other residential property be increased from 17.5 mills to 20 mills but that the household tax and the fire protection tax be abolished, which would result in approximately the same tax revenue from owner-occupied residential real estate. The ratios established by the recommended three-rate structure are to be maintained in any future changes in tax rates.

To replace the loss of revenue that would result from the proposed substantial reduction in the rate on commercial property, the Commission recommended the imposition of a sales tax of 2 per cent on retail sales in the City; a transfer tax of 1 per cent on all transfers of real property in the City; and a motor vehicle tax of \$20 on each passenger car weighing 2300 pounds or more, \$15 on each passenger car weighing less than 2300 pounds, and \$22.50 to \$40 on commercial vehicles. The Commission recommended these new sources of revenue because it concluded that the taxation problem of Halifax cannot be resolved by additional taxation on residential real estate.

I have dealt at some length with the findings and recommendations of the Halifax Commission because the appointment of the Commission was the direct result of an experiment

in differential taxation of residential and commercial property which has continued for fifteen years. While Halifax clearly presents a special case, it appears to me that other municipalities might well profit from its experience.

(d) Ontario

Differential taxation of commercial and residential properties was introduced in Ontario municipalities in 1957. In his Budget Statement of February, 1957, the Provincial Treasurer announced an increase in the unconditional grants to municipalities and also the following change in Government policy with respect to the application of these grants:¹

"In the past, Provincial unconditional grants have been applied so as to effect a reduction in the general tax rate on all real property. They have benefited industrial and commercial property equally with residential property. The owners of industrial and commercial properties, however, have been able to charge their municipal taxes as an expense of doing business and to deduct them from their taxable income before computing corporation income tax. Thus, in general, the net cost of municipal taxes to corporate taxpayers is only about one-half of such taxes. On the other hand, the taxpayer who owns his own home does not enjoy this advantage. To him, the cost of the municipal property tax is a net cost. There is no opportunity for him to secure a partial offset or recovery under corporation income tax.

"To meet this situation, the Province's unconditional grants will be applied to benefit residential and farm taxpayers only. In comput-

¹Budget Statement of the Hon. Dana Porter, Provincial Treasurer of Ontario, Feb. 21, 1957, p. 14.

ing the tax rate, the council will strike its general rate for all property. Its unconditional grant from the Province will then be calculated as a reduction in the mill rate on residential and farm property."

The Municipal Amendment Act, 1957, amending sections 308 and 311 of The Municipal Act, gave effect to this policy as at January 1, 1957, and two mill rates for general purposes became the rule in all municipalities. On the basis of an unconditional grant of \$5.50 per capita to be applied exclusively for the benefit of residential property, the City of Toronto fixed a rate of 52.55 mills on commercial and industrial property and 48 mills on residential property for 1957. In Metropolitan Toronto the rates were fixed at 22.55 mills on commercial and industrial property and 18.36 mills on residential property.

Insofar as the introduction of a differential in real estate taxation in Ontario is relevant to the case submitted for a differential in Winnipeg, I suggest the following considerations:

- i. Ontario municipalities assess both land and buildings at full value, whereas Winnipeg assesses land at full value and buildings at two-thirds of value. Since the ratio of land value to building value is generally higher for commercial properties than for the average residential property, it follows that in Winnipeg there is already a tax differential in favour of the average home-owner.

ii. The differential in the mill rate as between commercial and residential properties in Ontario is not the result of discriminatory action by any municipality acting on its own; it is a condition imposed by the Provincial Government in respect of the unconditional grants which it makes to all municipalities and is applicable to all municipalities. The differential is not fixed arbitrarily by each municipality but is determined in effect by the amount of the provincial grant and the ratio of commercial and industrial assessment to total assessment.

iii. Ontario municipalities now levy on property at differential rates, in addition to imposing a business tax. It is well to note, however, that, except for the assessment differential in Edmonton, the other cities of Western Canada do not impose differential taxation on commercial and residential properties. Having regard to Winnipeg's vulnerable position in the competition for industry in the western provinces, I am of the opinion that an additional differential might tend to create an unfavourable climate for commercial and industrial development in the City, to the detriment of business and home-owners alike. If such development is discouraged, one of the probable consequences will be an increasing dependence on residential property as the tax base.

iv. Provincial unconditional grants to municipalities were introduced in Manitoba by The Unconditional Grants Act, 1957. The condition which has now been attached to the application of the grants in Ontario does not attach to the grants in Manitoba, where the council of each municipality in its discretion may utilize them for the reduction of municipal or school taxes or spend them for any other purposes within its powers. While I do not recommend it, if it should be decided to introduce a differential in real property taxation, it is my opinion that this should be effected not by the City alone but on a Province-wide basis, as in Ontario, by the application of the unconditional grant to the reduction of the mill rate on residential property, and, further, in order to prevent an uncontrolled discrepancy in tax rates within a municipality, that the differential should by law be limited to the effect of such application of the grant.

5. Tax Exemption of Charitable Institutions

Section 272 of the Winnipeg Charter exempts from taxation, except as to local improvements, the real property of public schools under The Public Schools Act, certain other educational institutions, public hospitals, churches, cemeteries, and agricultural societies.

Section 273 of the Charter provides that:

Subject to section 205 of "The Public Schools Act", the council may pass by-laws to exempt from taxation any building used exclusively as a charitable institution with

the land in connection therewith, not exceeding two acres, and also the properties of the Young Men's Christian Association; the Young Men's Hebrew Association; or the Young Women's Christian Association; and also the Salvation Army Hostel, located on Logan Avenue East of Main Street; and the Jewish Old Folks Home of Western Canada, located on Magnus Avenue, East of Main Street; and the property of any war veterans or returned soldiers association; to the extent of the value of such part of any of those properties as is used for the purposes of any of those institutions or associations.

Exemptions under this section do not apply to school taxes.

Three briefs have been submitted to me requesting new or additional exemptions, as follows:

(a) The Jewish Old Folks Home of Western Canada, Sisters of St. Joseph of Toronto (operating St. Joseph's Hospital for the Aged), and Sister Servants of Mary Immaculate (Home for the Aged), all of which are now exempt under Section 273, submitted that homes for the aged and infirm operated as charitable institutions should be added to the classifications which are exempt under Section 272, which would also exempt them from the payment of school taxes, on the ground that such institutions are now to a very large degree hospitals serving the specialized needs of the aged.

(b) The Canadian National Institute for the Blind requested exemption from taxation on its residence building which houses elderly blind persons who, for the most part, are indigent.

(c) The Polish Fraternal Aid Society of St. John Cantius requested exemption of its building under the provisions of Section 273 of the Charter, on the ground that, as a benevolent society assisting the aged, the recent immigrants, and the youth, of a particular ethnic group, it performs a community service which warrants community support through tax exemption.

While the exemption of charitable institutions from taxation, in whole or in part, constitutes an indirect subsidy to such institutions by the taxpayers, and also has the effect of narrowing the tax base, it is a common feature of municipal assessment and tax legislation in Canada and in the United States. In the eastern provinces the exemption is generally obligatory, whereas in Western Canada it is largely optional with the municipalities.

It has been suggested that direct grants voted annually by the municipal council would be preferable to tax exemptions in terms of flexibility and of bringing the cost more directly to the attention of the taxpayers. While there is merit to this suggestion, I also see disadvantages in repealing the tax exemptions and substituting grants which would be voted annually by City Council. It is my opinion that, if excesses are avoided by adhering to a proper interpretation of the term "charitable institution", the long-established system of tax exemption should be maintained.

Such charitable institutions as homes for the aged and infirm, homes for neglected children, and homes for the blind, operated without profit to individual owners, perform essential public services of a special nature and relieve the taxpayer of costs which otherwise would be added to his tax bill. In my opinion, bona fide institutions performing these special services should not be subject to municipal or school taxes, except local improvement taxes, on the real property owned by them and occupied and used for their respective purposes. Accordingly, I recommend that Section 272 of the Winnipeg Charter be amended by adding the following classification to subsection 1 (c) thereof:

"buildings of incorporated charitable institutions not operated for profit or gain and receiving a grant out of the Consolidated Fund, if such buildings are used exclusively for the purposes of such institutions as homes for the aged and infirm or for the blind or for children who are wards of a Children's Aid Society, with the land used in connection therewith, not exceeding two acres."

If the Charter is not so amended, I recommend that annual grants be made to the qualifying institutions, under Section 487 (1) of the Charter, equal to the municipal and school taxes, except as to local improvements, levied against the real property owned by the institution and occupied and used for the purposes of the institution.

I have sustained the claims of the homes for the aged and of the Canadian National Institute for the Blind,

and have placed qualified homes for neglected children in the same category because, in my opinion, these institutions are entitled to full tax exemption by the special nature of the services which they perform. There are other institutions whose services entitle them to partial exemption, but it is important that the term "charitable institution" should be strictly interpreted. There are many worthwhile organizations in Winnipeg of the nature of benevolent societies rendering community service which, in varying proportions, combine welfare activity with the features of a community club or even a private club. While they deserve support, their activities do not, in my opinion, constitute them "charitable institutions" qualifying for support by way of partial tax exemption under Section 273 of the Charter. To extend tax exemption to these societies will open the door to requests from a variety of other organizations, which, if granted, would involve a general departure from the proper interpretation of the term "charitable institution" in relation to tax exemption. In my opinion, such a departure is not warranted and would be undesirable in its effects on the City's tax base. Accordingly, while recognizing the value of their activities, I cannot sustain the claim for tax exemption submitted by the Polish Fraternal Aid Society of St. John Cantius on its own behalf and on behalf of other organizations of a like nature.

Chapter VII

THE BUSINESS TAX

The business tax is next to the real property tax the most common form of taxation in the urban municipalities of Canada. It is a tax on the occupier of premises used for carrying on any business, trade, profession or other occupation, except agriculture, and is imposed in all the provinces. Since the premises are also subject to the property tax payable by the owner, it follows that business is generally subject to differential taxation for municipal purposes.

The business tax may be justified on a number of grounds. Business enjoys special benefits and privileges arising from the fact that it is dependent upon the community and its institutions for an economic environment which enables it to carry on its activities, and the existence of the community, its institutions, and, to a large degree, the facilities for doing business are, in turn, dependent upon the local services. Furthermore, some of these services, such as police and fire protection, traffic control, street maintenance, and others, are more costly because of the special requirements of business. Finally - and this is a major consideration - the business tax broadens the municipal tax base, yields relatively large and certain revenues, and is easy to administer.

While the base of the real property tax is generally uniform in Canada, except as to variations in the percentage of the value of improvements taxed in the western provinces, the business tax is marked by variations in the base and in the application of the tax rate. There are three different bases in use: a proportion of the assessed value of the property, the value of floor space occupied, and the annual rental value.

In Ontario the tax is levied on a percentage of the assessed value of the premises occupied, to which the general rate on real property is applied. A similar base is used in Halifax, Charlottetown, Fredericton and for most business categories in Saint John, N.B. The Ontario Assessment Act makes a business assessment mandatory in every municipality on every person occupying or using real estate for the purpose of any business. The percentage of the assessed value on which the tax is levied varies with the classification of the business under the Act. For example, distillers are taxed on 150 per cent of the assessed value; wholesale merchants, insurance companies, loan companies, trust companies, land companies, banks, other financial businesses, and retailers operating a chain of more than five retail stores, on 75 per cent of the assessed value; manufacturers on 60 per cent; departmental stores, professional men, and printers and lithographers, on 50 per cent; and retail merchants on 25 per cent in cities having

a population of 50,000 or over, and 30 per cent or 35 per cent in smaller municipalities, depending on population.

In Saint John and in Fredericton the various types of businesses are also classified by statute and the assessment is fixed for each class at a percentage of the assessed value of the premises occupied. Wholesalers and retailers in Saint John are subject to a turnover tax instead of the business tax. The assessment for turnover tax in any year is based on a percentage of gross sales in the preceding year, the percentage varying for different businesses in a range from $7\frac{1}{2}$ per cent to 25 per cent. The tax is determined by applying the current realty tax rate to this assessment, and for some businesses it is equal to or exceeds the amount of the property tax. For businesses subject to the business tax, the base in Saint John is 60 per cent, 112 per cent or 150 per cent of the assessed value of the premises occupied.

In Saskatchewan the valuation for the tax is determined by a rate per square foot of space occupied, such rate being fixed by the assessor and varying for different classes of business. The City Act provides that the rate is not to exceed \$8 per square foot, except in the case of banks, loan companies or other financial institutions, for which the maximum is \$15 per square foot. The tax is the product of the general tax rate applied to this valuation. Accordingly, businesses in Regina, Saskatoon

and Moose Jaw are divided into numerous classifications with many varying assessment rates, including, in Regina, different rates on the various activities carried on within one business.

In Quebec, Manitoba, Alberta, British Columbia, and St. John's, Newfoundland, the tax is based on the annual rental value of the premises occupied. It is levied either (a) at a uniform rate applicable to all businesses, as in Montreal, Calgary and Vancouver, with provision in some instances for special rates for particular businesses, or (b) at varying rates applicable to different classes of business, as in Edmonton and Winnipeg. In Edmonton businesses are divided into five classifications which are subject to rates of 6, 10, 12, 15 or 20 per cent, according to the classification of the business. In Winnipeg, the classification of businesses is combined with the graduation of rates in certain classifications.

The business tax in Winnipeg is levied on the business assessment which is the annual rental value of the premises. Section 292 of the Charter sets out the factors which are to guide the Assessment Commissioner, as follows:

292. (1) Annual rental value for the purposes of this Act, shall be deemed to include the cost of providing heat and other services necessary for comfortable use or occupancy, whether the same be provided by the occupant or owner.

(2) In assessing annual rental value, the assessment commissioner shall take all factors into account so that as far as possible premises similar in size, suitability, advantage of location, and the like, shall be equally assessed. The intent and purpose of this section is that all persons subject to business tax shall be assessed at a fair rental value of the premises occupied or used, based in general upon rents being actually paid for similar premises.

Prior to 1935 the tax was levied at a uniform rate on all classes of business but in that year a system of classification of businesses was introduced with varying rates ranging from 5 per cent to 15 per cent, depending upon the classification and on the range of assessments within certain classifications. The present range from 6 per cent to 20 per cent was adopted in 1938. The classifications and rates now in effect are set out in Section 297 of the Winnipeg Charter which is reproduced in Appendix A. It will be observed that there are 17 classifications (A to Q) and 11 different rates. An analysis shows that:

1. The rate is uniform within seven classifications (H, J, K, L, O, P and Q) being 10 per cent in H, P and Q, 12½ per cent in J, K and L, and 20 per cent in O. The rate applicable to manufacturers and wholesalers (Class H) is 10 per cent.

2. In two classifications (M and N) the rates vary in a range from 10 per cent to 20 per cent according to the type of business, the higher rates applying generally to financial businesses.

3. In the remaining classifications (A, B, C, D, E, F, G, I, and part of M) the rates are graduated according to assessment, the graduation being the same within B and C and within E and F. The rates, six in number, applicable to retail merchants (Class A) rise progressively from 6 per cent to $14\frac{1}{2}$ per cent according to the assessment. Trades and services (Class B) are subject to rates graduated from 6 per cent to 10 per cent and the professions (Class F) to rates graduated from $7\frac{1}{2}$ per cent to 10 per cent.

The number of businesses and the total assessment subject to the different rates of taxation in Winnipeg in 1957 is shown in Table 6.

Table 6

CITY OF WINNIPEG

BUSINESS TAX

STATEMENT OF THE NUMBER OF BUSINESSES AND
THE TOTAL ASSESSMENT AT EACH RATE OF TAXATION, 1957

Rate (%)	No. of Businesses	Per cent. of Total No. of Businesses	Total Assessment at each Rate	Per cent. of Total Assessment
6.0	516	7.2	\$ 185,604	0.6
7.0	537	7.5	396,847	1.4
7.5	573	7.9	375,785	1.3
8.5	572	7.9	795,065	2.8
9.0	839	11.7	955,700	3.3
10.0	3134	43.6	16,466,262	57.4
12.5	776	10.8	4,897,584	17.1
14.5	62	0.9	2,735,704	9.6
17.0	37	0.5	486,503	1.7
18.5	102	1.4	859,455	3.0
20.0	12	0.2	493,800	1.7
*Minimum	31	0.4	5,508	0.1
Total	7191	100.0	\$28,653,817	100.0

*Minimum Tax \$15.00

An analysis of Table 6 shows that, of the businesses subject to the business tax,

(a) 42.2 per cent representing 9.4 per cent of the total business assessment were taxed at rates ranging from 6 per cent to 9 per cent;

(b) 43.6 per cent representing 57.4 per cent of the total business assessment were taxed at the rate of 10 per cent;

(c) 86.2 per cent representing 66.9 per cent of the business assessment were taxed at rates not exceeding 10 per cent;

(d) 13.8 per cent representing 33.1 per cent of the total business assessment were taxed at rates exceeding 10 per cent;

(e) 3 per cent representing 16 per cent of the total business assessment were taxed at a rate of more than $12\frac{1}{2}$ per cent.

The average rate of business tax in 1957 was 11.22 per cent. This compared with a uniform rate of 8 per cent in Calgary, 7 per cent in Vancouver, 11 per cent plus a surtax of 8 per cent in Montreal, and 18 per cent in the City of Quebec.

Conflicting views on the business tax as presently levied in Winnipeg were reflected in submissions made to me, which may be summarized as follows:

1. A classified business tax with differential rates is more equitable in terms of ability to pay than a tax levied at a uniform rate on all classes of business.

2. The tax should be re-examined with the objective of basing it more directly on ability to pay.

3. The system of classification of businesses with graduated rates applied to a tax based on rental value is arbitrary, unrelated to ability to pay, and discriminatory in its effects; it should, therefore, be replaced by a uniform rate applicable to all businesses.

4. The restrictions imposed under the Federal-Provincial Tax Agreements on the levying of taxation on income by provinces and municipalities prevents municipalities from levying taxation on the basis of ability to pay.

These submissions show a basic difference of opinion as to the applicability to the business tax of the principle of taxation according to ability to pay. As I have already pointed out in this report, it is generally accepted that the ability to pay principle is applicable only to taxation of net income or net worth, which are measures of tax-paying capacity, and that such taxation can be levied effectively in the modern economy only by the senior levels of government. Furthermore, in provinces which have entered into a tax rental agreement with the Federal Government, both the provincial government and the municipalities are prevented from levying either a corporate

or personal income tax, and municipal business taxes are restricted to "a business or occupancy tax based on floor space or on the rental or assessed value of property...."¹

It appears from the structure of the business tax in Winnipeg that the tax is intended to be levied on a basis which reflects tax-paying capacity. While, in my opinion, rental value is more appropriate to this end than such bases as floor space or the assessed value of the premises, it cannot be said that the ability to pay of a business can be measured in terms of an expenditure, such as rental. It is true that larger expenditures are generally associated with larger gross income, but this is not necessarily the case in relation to net income, which is the only reasonable objective measure of ability to pay. In the case of business, moreover, net income should be related to the owners' equity in order to determine the profitability of the enterprise. Accordingly, although rental value is indirectly related to ability to pay, a tax based on it, and which, furthermore, as a business cost tends to be shifted to consumers in the prices of goods and services, is not in the category of taxation on the principle of ability to pay.

The justification of the business tax, in my opinion, is to be found, on the one hand, in the special benefits and privileges conferred by the community on

¹The Taxation Agreement Act, 1957, Manitoba, Schedule A, sect. 13 (1) (a) (v).

business, and, on the other, in the fact that, having regard to the narrow municipal tax base, the tax is an assured source of considerable revenue and is easily administered by municipalities. From the standpoint of economic theories of taxation, it is admittedly an imperfect tax: it is not levied on a base which measures ability to pay nor does the base in itself measure the value of the special benefits received, there being no satisfactory standards for measuring such value with any degree of accuracy. At the same time, the tax does satisfy two of the requirements of taxation on which economists are in general agreement: these are fiscal adequacy and economy in administration. In terms of the revenue problem of municipalities, both are of major importance.

The business tax has been an accepted form of municipal taxation in Canada for many years. It was first levied in Montreal in 1876 and in Winnipeg in 1893; between 1904 and 1906 it was introduced in Ontario, Alberta and Saskatchewan. While the tax in Quebec, where it originated, was and continues to be levied at a uniform rate, Ontario, in 1904, introduced a system of classification of businesses and differentials in the tax base as between classifications, and there has been no significant change in the classifications or in the applicable differentials since 1904. The system of classification and differentials is also in effect, on varying bases, in Saint John and Fredericton, in Saskat-

chewan and in Edmonton. If the Vancouver business tax and license by-laws are read together, a form of classification with differential rates also emerges. Winnipeg began classifying businesses and levying differential rates in 1935 and the business tax is now levied on the same basis in the two adjoining cities of St. Boniface and St. James. As recently as 1951, a Royal Commission in New Brunswick recommended "that a business tax, based on the value of the premises occupied be levied on every person occupying or using land for the purpose of any business and that businesses be classified for this purpose and assessed according to the classification; this classification would take into account the nature of the business and the rate of turnover".¹ The new Municipal Act of British Columbia, enacted in 1957, provides, in Section 427, that municipal councils may levy a business tax, "classify businesses, trades, professions, or other occupations for the purpose of the tax", and "fix the rates applicable to each class of business, trade, profession, or other occupation".

The classification of businesses with differential rates between classifications is now perhaps more general than the taxation of all businesses at a uniform rate. An analysis of the classifications and differentials in different provinces shows marked disparities but it also shows a fairly

¹Report of the Royal Commission, Rates and Taxes Act, Province of New Brunswick, 1951, p. 27.

common pattern. The intent and effect is to tax "big" business at higher rates than "small" business, although the profitability of a business is not necessarily related to its size. Accordingly, financial institutions, departmental stores and chain stores are subject to higher rates than the average business. Similarly, wholesalers and manufacturers are in all cases classified differently from retailers. This pattern appears to reflect a public sentiment which is widespread and by no means confined to Winnipeg alone.

In respect of graduated rates, it has been said that Winnipeg and Halifax offer the only examples of the application of different tax rates to taxpayers in the same line of business. In Halifax the business tax is levied on 50 per cent of the assessed value of the premises, but if the premises are occupied for retail merchandising and the value is less than \$2,000 it is levied on 25 per cent of such value. However, it is not only in Winnipeg, St. James, St. Boniface and Halifax that different rates apply to taxpayers in the same line of business: this is also the case in Ontario. In Winnipeg all retailers, including departmental stores, are included in one classification (Class A) with rates ranging from 6 per cent to $14\frac{1}{2}$ per cent, according to assessment. In Ontario, while the rates within each classification are uniform, graduated rates are applied to taxpayers in the same line of business by dividing the

business into two or more classes. Thus, under the Ontario Assessment Act, retailers operating a chain of more than five retail stores are in the classification which is taxed on 75 per cent of the assessed value of the premises; departmental stores and retailers dealing in more than five branches of retail trade in the same premises where the assessed value of the premises is more than \$20,000 are in the classification taxed on 50 per cent of the value; all other retail merchants are in the classification taxed on 25 per cent of the assessed value in cities of more than 50,000 population. It is clear that graduated rates may be achieved by different methods.

While the abolition of the system of classification of businesses with differential rates and its replacement by a uniform rate applicable to all businesses in Winnipeg was urged at the hearings of this Commission, I am not aware that this has been urged in any other city where the system has been in effect for many years. Admittedly, while rental value accords more closely than other bases with the capacity of business premises to earn gross income, it does not measure tax-paying capacity, and classifications and differential rates are, therefore, arbitrary to a degree and result in inequities. The business tax is in the nature of an additional property tax and some of my reasons for rejecting graduated rates in property taxation apply equally to the business tax. Nevertheless, I do not think that it could be

proven that a uniform rate of business tax applied to the same base for all businesses without distinction would substantially reduce present inequities. There is the further important consideration that the substitution of a uniform rate for the differential rates now in effect would in 1957 have required an increase in the rates payable by more than 86 per cent of the taxpayers in order to relieve less than 14 per cent now paying more than the average rate.

If the municipal tax base were broad and municipalities were in a position to distribute the burden of taxation on the basis of ability to pay, the proper base of the business tax would be net income and not rental value or assessed value or space occupied. Failing a tax based on income, a classified turnover tax would, in my opinion, be more equitable than the business tax as presently levied. Since, however, the tax base is restricted and, in any event, taxation in relation to capacity to pay is more appropriate to the senior levels of government, municipalities are not in a position to formulate tax policies in terms of the economist's canons of taxation. They are compelled to impose taxation for benefits conferred by municipal services which satisfies the requirements of fiscal adequacy and economy in administration. The real property tax and the business tax satisfy these needs and are, therefore, the most common forms of municipal taxation in Canada.

In the light of all the considerations which I have set out, I cannot sustain the demands for a

I have justified the differential taxation of business because of the special benefits conferred on business by the community. This could call for the differential taxation of commercial and residential property but, in my opinion, the business tax is preferable as a means of giving effect to the differential. This tax, unlike the property tax, is levied on different bases and either at a uniform rate or at differential rates applicable to different business classifications. There is nothing sacrosanct about any of these systems and inequities attach to each of them. The system of classification with differential rates, however imperfect, has considerable precedent and some justification, and is in accord with the sentiment of a substantial part of the public.

The Winnipeg business tax in its present form was introduced twenty-three years ago. It yields more than 10 per cent of the City's budget revenue, and business has necessarily adjusted itself to it. It may be that this adjustment was facilitated by rising income tax rates and the ability to deduct the business tax as a cost in computing income tax. Another factor is that the tax tends to be passed on in the prices of goods and services. That the tax is not very burdensome is indicated by the percentage of the current levy collected: 98.7 per cent in 1954, 98.8 per cent in 1955, and 98.5 per cent in 1956. In the light of all the considerations which I have set out, I cannot sustain the demands for a

change in the basic structure of the business tax. This does not mean, however, that I am justifying or approving each classification and every rate. In my opinion, the tax should be subject to constant review by the Assessment and Finance Departments of the City with the object of simplifying both classifications and rates over a period of time.

In a brief submitted by the Manitoba Division of the Retail Merchants Association of Canada, a by-law licensing retail and wholesale trade was proposed which, in my opinion, would lead to a rigid control of business and an undue interference with competition. I cannot approve the proposal which, in any event, is beyond my terms of reference.

Three submissions recommended specific changes in classifications and rates under the business tax, as follows:

1. The Winnipeg Master Printers and Lithographers Association submitted that printers are subject to a tax of 10 per cent on assessments up to \$1,000 and $12\frac{1}{2}$ per cent on assessments above that figure (Class I), whereas component parts of the printing industry, such as engravers and linotypers, are in classifications taxed at lower rates, and manufacturers are subject to a flat rate of 10 per cent (Class H). The brief pointed to changes in the printing industry and to competition from manufacturers, and concluded

that printers should be classified with manufacturers. While a distinction can be drawn between printers, who produce the finished product, and engravers and linotypers, who produce component parts, I find that printers should properly be classified with manufacturers, and recommend that they be re-classified accordingly. I also recommend that bookbinders, now classed with printers, should be similarly re-classified in Class H.

2. The Manitoba Hotel Association submitted that hotels with licensed beer parlours are subject to a tax of 10 per cent and other hotels to a tax of $7\frac{1}{2}$ per cent (Class G), and requested a reduction in these rates on the grounds that lower rates are warranted by the economics of the hotel industry, that hotels are subject to rigid controls which frequently involve large expenditures, and that they are now facing increased competition from new liquor outlets. Since the business tax rate applicable to hotels was reduced in 1957, I find that insufficient time has elapsed to consider the merits of a claim for a further reduction.

3. The Canadian Restaurant Association submitted that the tax rate of 20 per cent on operators of premises licensed to sell beer, wine or liquor (Class O) is excessive. While I do not have sufficient evidence on which to base a specific recommendation, it appears to me that the whole question of taxation of premises licensed to sell liquor

should be reviewed with due regard to the differences in the types of business conducted by the licensees, and that allowances for such differences, as, for example, between a hotel dining room and a cocktail lounge, should be made in the tax rate. In my opinion, it is unfair to apply the same rate whether or not the sale of liquor is the principal business carried on in the premises.

respectively. The yield of the electricity and gas sales tax is estimated at \$373,000 and of franchise taxes at \$193,000. Payments in lieu of taxes on exempt properties are now an important factor in the municipal budget, being estimated at more than \$2,000,000 in 1957. Revenues from this source rose substantially in 1954, as a result of agreements with the two railway companies, and in 1957, as a result of the decision of the Government of Canada to pay the equivalent of full taxes on its properties in the City. The Government of Manitoba already pays the equivalent of full realty and business taxes on its commercial properties, but only the equivalent of the land tax on other properties. It appears to me that it should now give consideration to payments in respect of both land and buildings.

Estimates of the City's non-tax revenues in 1957 are as follows: Provincial Government grants, exclusive of \$1,440,000 in school grants paid to the School Board, \$2,377,000; contributions from City Hydro profits, \$630,000; and licenses, fees, fines and miscellaneous revenues, \$1,683,000.

Chapter VIII

SOURCES OF ADDITIONAL REVENUES

The real property tax and the business tax are the major sources of tax revenue in Winnipeg, as in most other large urban municipalities in Canada, their yield in 1957 being estimated at \$18,826,000 and \$3,050,000, respectively. The yield of the electricity and gas sales tax is estimated at \$373,000 and of franchise taxes at \$193,000. Payments in lieu of taxes on exempt properties are now an important factor in the municipal budget, being estimated at more than \$2,000,000 in 1957. Revenues from this source rose substantially in 1954, as a result of agreements with the two railway companies, and in 1957, as a result of the decision of the Government of Canada to pay the equivalent of full taxes on its properties in the City. The Government of Manitoba already pays the equivalent of full realty and business taxes on its commercial properties, but only the equivalent of the land tax on other properties. It appears to me that it should now give consideration to payments in respect of both land and buildings.

Estimates of the City's non-tax revenues in 1957 are as follows: Provincial Government grants, exclusive of \$1,440,000 in school grants paid to the School Board, \$2,377,000; contributions from City Hydro profits, \$630,000; and licenses, fees, fines and miscellaneous revenues, \$3,683,000.

Two sources of additional revenue have been suggested in briefs submitted to me: an increase in provincial grants and the imposition of a motor vehicle tax.

1. Provincial Government Grants

Developments in Provincial Government policy in the field of provincial-municipal relations since 1953 have resulted in a very considerable increase in provincial grants to municipalities. The Government of Manitoba is to be commended for the progress made in this direction. I have already drawn attention to the fact that grants to the City of Winnipeg, exclusive of school grants, rose from slightly more than one per cent of total revenue in 1950 to almost 8 per cent of total revenue in 1957. While school grants paid to the School Board were equal to 7 per cent of the school levy in 1950, they equalled almost 15 per cent of the levy in 1957.¹ The increase in grants arising from new policies and revised formulae introduced in 1957 benefited the City's budget as follows:²

	<u>1957</u>	<u>1956</u>	<u>Increase</u>
Hospital Aid to Indigents \$	721,000	\$ 413,000	\$ 308,000
Social Assistance.....	1,001,000	435,000	566,000
Unconditional Grant.....	575,000	-	575,000
Education.....	<u>1,440,000</u>	<u>1,293,000</u>	<u>147,000</u>
	<u>\$3,737,000</u>	<u>\$2,141,000</u>	<u>\$1,596,000</u>

¹See Chap. 2 and Table 2.

²Estimates, City of Winnipeg, Year Ending December 31, 1957, p. 6.

(a) Social Assistance and Hospital Aid

Under a new formula applying both to social assistance and hospital aid, the Government now pays 80 per cent of the total municipal costs over and above the yield of one mill on the equalized assessment, with the provision that in no case shall the grant be less than 40 per cent of such expenditures.

(b) Unconditional Grants

Under the new programme of unconditional grants to municipalities, a per capita grant of \$2.39, representing a distribution of approximately \$2,000,000, was made in 1957. The grant, which is to be determined by an annual appropriation by the Legislature, is unconditional and may be applied by the municipality either towards the reduction of taxation or to other purposes within its powers. This is progressive legislation which will materially assist the municipalities. Since the per capita grant is uniform for all municipalities, I draw attention to the unconditional grants in Ontario which vary for different types of municipalities and are graduated according to population in recognition of the larger per capita expenditures that municipalities with large populations are required to make. In my opinion, grants varying with the type of municipality and increasing according to population, as in Ontario, are more appropriate to municipal requirements than a uniform per capita grant to all municipalities.

(c) Highway Grants

In 1953 the Government of Manitoba began to contribute \$1,000 per mile annually towards the maintenance of trunk highways passing through the City. This grant amounted to \$16,000 in 1956. Special grants for bridge and road construction were also provided. In 1957 a new policy was announced under which the Government will pay 50 per cent of the cost of widening and maintaining designated streets that serve as connecting links of provincial trunk highways. It will also pay the full cost of constructing the Disraeli Bridge over the Red River estimated at \$2,600,000. In my opinion, the new policy gives proper recognition to the need for a provincial-municipal sharing of financial responsibility for construction and maintenance of the portions of a provincial highway system which pass through a municipality.

(d) School Grants

Under the system of educational grants now in effect, the Province pays in respect of elementary schools the difference between \$2,200 per teacher and the yield of five mills on the balanced assessment. In respect of secondary schools, the provincial grant per teacher was increased in 1957 from \$750 to \$1,250. In addition, the Provincial Government has undertaken to pay annually 20 per cent of the total approved costs incurred by school districts for the payment of principal and interest on

debentures issued for school purposes. As a result of these changes in policy, the provincial share of school costs has risen considerably. Since, however, a continued rise in school expenditures appears inevitable and education is a matter of more than local concern, I am of the opinion that, notwithstanding the substantial increase in provincial grants already noted, the Provincial Government's share of school costs must rise still further.

2. A Motor Vehicle Tax

The taxation of passenger vehicles by way of a municipal license or an ad valorem tax or a municipal gasoline tax and an increase in the license fees for commercial vehicles was recommended in a brief submitted by Dr. Robert M. Clark, of the University of British Columbia. He justified such taxation on the basis of benefits received since municipal expenditures for the construction and maintenance of streets and bridges are very largely attributable to the motor vehicle. He also suggested that such taxation might shift a small part of the tax burden from real property to the owners of motor vehicles.

The City of Winnipeg licenses commercial vehicles and also licensed passenger automobiles from 1932 until 1940. In New Brunswick, the cities of Saint John and Fredericton collect substantial revenues from the taxation of motor vehicles, as do a considerable number of cities in the United States. The Royal Commission which recently inquired into

taxation in Halifax recommended the imposition of a tax on motor vehicles, while the Gordon Commission reported as follows:¹

It was represented to us that an annual tax on motor vehicles would undoubtedly be a substantial revenue producer in the larger municipalities. As a very considerable part of the expenditures for streets, parking facilities and the like are necessitated by the increasing number of motor vehicles, a tax on this form of property seems to be a reasonable way to increase municipal revenue.

I am of the opinion that a motor vehicle user tax would be an appropriate source of additional municipal revenue. It would help to distribute the costs of construction and maintenance of streets and of traffic control more equitably among those receiving the benefits - motor vehicle owners, real property owners and business - and would also help to diversify the municipal tax base. While a gasoline tax would be more equitable, because gasoline consumption reflects the use which the vehicle makes of the city's streets, it may not be practical in a city forming part of a metropolitan area unless applied to the whole area. The alternative, in my opinion, is a municipal license fee. Effective and economical administration in either case would require the co-operation of the Provincial Government which already has the machinery for collecting such revenues. It has been submitted that in lieu of the levying of a municipal tax, the Province should share its revenues from motor

¹Preliminary Report of the Royal Commission on Canada's Economic Prospects, 1956, p. 96.

vehicle taxation with the municipalities. This argument loses validity with the increase in provincial grants for streets and bridges and with the new unconditional grants to municipalities which are available for expenditures on streets. It is necessary to recognize the fact that these grants represent sharing of provincial revenues.

While it is my opinion that a motor vehicle tax would be an appropriate source of municipal revenue, I do not recommend the imposition of such a tax in Winnipeg at this time. My inquiry has led me to conclude that municipal taxation, both residential and commercial, is not now excessive. It appears to me that the City is in a position to finance its requirements for the immediate future on the present tax base, supplemented by increasing Provincial Government grants, without imposing undue burdens on the taxpayers. If, however, a new source of revenue becomes necessary or desirable, I suggest that consideration should be given to a form of motor vehicle user taxation.

Chapter IX

SUMMARY OF RECOMMENDATIONS

Pursuant to my terms of reference, I have inquired into the system of municipal taxation in Winnipeg. My findings and recommendations are set out under the particular chapter headings. To summarize the findings out of context would require undue repetition. I must, therefore, refer the reader to the text.

My recommendations, in the light of my findings, may be summarized as follows:

1. Changes in Municipal Taxation

Since the municipal revenue base is relatively narrow and inelastic, any changes which would have the effect of further narrowing the tax base should not be introduced unless they are both warranted and administratively feasible.

2. Real Property Assessment

(a) Since an analysis of residential building assessments provides ground for the belief that there are higher-priced homes which have been relatively under-valued, the assessment of the higher-priced homes should be reviewed by the Assessment Commissioner and revised as may be required.

(b) An upward adjustment in commercial land assessments is warranted in recognition of the extension for commercial and industrial use of land formerly used for residential or mixed purposes.

(c) Having regard to the complaints following the re-assessment of 1952-1955, the revised assessments arising from the periodic re-assessment of all properties under The Winnipeg Charter should, in the case of both commercial and residential property, be entered in the assessment roll at the same time on the completion of the re-assessment.

3. Realty Tax Collection

The City should adopt a system of instalment collection of the real estate tax and the Finance Commissioner should therefore be instructed to investigate the instalment collection of real property taxes on a monthly or, at least, a quarterly basis, and to prepare a plan for such collection appropriate to the City of Winnipeg.

4. Tax Exemptions

Homes for the aged and infirm, homes for neglected children, and homes for the blind, operated without profit to individual owners, should not be subject to municipal or school taxes, except local improvement taxes, on the real property owned by them and occupied and used for the said purposes, and The Winnipeg Charter should be amended accordingly.

5. The Business Tax

(a) The business tax should be subject to constant review by the Assessment and Finance Departments of the City with the object of simplifying both classifications and rates over a period of time.

(b) Printers and bookbinders should properly be classified with manufacturers.

(c) Since it is unfair that the same rate should apply to liquor outlets whether or not the sale of liquor is the principal business carried on in the premises, the whole question of taxation of premises licensed to sell liquor should be reviewed with due regard to the differences in the types of business conducted by the licensees, and allowances for such differences should be made in the tax rate.

6. Payments in lieu of Taxes

With respect to its non-commercial properties, the Provincial Government should give consideration to adoption of the new Federal policy of making grants in lieu of taxes in respect of both land and buildings.

7. Provincial Government Grants

(a) The legislation providing for provincial unconditional grants is progressive legislation which will materially assist the municipalities, but grants varying with the type of municipality and increasing according to population, as in Ontario, are more appropriate to municipal requirements than a uniform per capita grant to all municipalities.

(b) Since a continued rise in school expenditures appears inevitable and education is a matter of more than local concern, the Provincial Government's share of school

costs must rise still further, notwithstanding the substantial increase in school grants which has already taken place.

8. Motor Vehicle User Tax

While Winnipeg is in a position to finance its requirements for the immediate future on the present tax base, supplemented by increasing Provincial Government grants, without imposing undue burdens on the taxpayers, if a new source of revenue becomes necessary or desirable consideration should be given to a form of motor vehicle user taxation.

(2) The said classes and the respective rates applicable thereto shall be as follows:

<u>Classes</u>	<u>Rates</u>
A. Retail Merchant, including retail dealer in Automobiles and Trucks, Auto Accessories, Aeroplanes, Antiques, Baker (no daily delivery), Bookkeepers' Supplies, Builders' Supplies, Books and Bindings, Boots and Shoes, Candies, Cigars, Costumes, Clothing, Coffee, Carpets, Crockery, Dairy Supplies, Drugs, Dry Goods, Diamonds, Electrical Supplies, Eggs, Farm Products, Fruit, Flowers, Fuel, Flour and Feed, Fish, Furniture, Supplies, Furs, Groceries, Gramophones, Glass, Hardware, Hats, Kitchen and Laundry, Ice, Ice Cream, Jewelry, Lumber, Maps, Millinery, Miscellaneous, Machinery (New or Second Hand), Musical Instruments, Magazines, Office Supplies, Paints, Perfumes, Precious Metals, Poultry, Radio, Rugs, Stationery, Surgical Supplies, Seeds, Sporting Goods, Soap, Salvage, Stamp Dealer, Stocks, Soft Drinks, Second Hand Tools, Second Hand Material.	

Appendix ATHE WINNIPEG CHARTERBUSINESS TAX RATES

297. (1) For the purpose of levying the business tax hereinbefore referred to, the assessment commissioner shall classify in accordance with the classifications hereinafter set forth, the business of each person carrying on business in any premises in the city, according to the principal business carried on by him therein, and every such person shall in each year pay to the city a business tax based on the assessed annual rental value of the premises occupied or used by him for the purposes of such business and at the rate per centum of said value as is applicable to the class in which such business falls, as shewn on the business assessment roll; the rates within each class varying according to the assessment where hereinafter indicated.

(2) The said classes and the respective rates applicable thereto shall be as follows:

<u>Classes</u>	<u>Rates</u>
A. Retail Merchant, including retail dealer in Automobiles and Trucks, Auto Accessories, Aeroplanes, Antiques, Baker (no daily delivery), Beekeepers' Supplies, Builders' Supplies, Books and Paintings, Boots and Shoes, Candies, Cigars, Costumes, Clothing, Coffee, Carpets, Cosmetics, Dairy Supplies, Drugs, Dry Goods, Diamonds, Electrical Supplies, Eggs, Farm Products, Fruit, Flowers, Fuel, Flour and Feed, Fish, Furriers' Supplies, Furs, Groceries, Gramophones, Glass, Hardware, Hats, Harness and Saddlery, Ice, Ice Cream, Jewelry, Lumber, Meats, Millinery, Monuments, Machinery (New or Second Hand), Musical Instruments, Magazines, Office Supplies, Paints, Pastries, Precious Metals, Poultry, Radios, Rugs, Stationery, Surgical Supplies, Seeds, Sporting Goods, Soap, Salvage, Stamp Dealer, Stocks, Soft Drinks, Second Hand Goods, Second Hand Material,	

Tea, Tobaccos, Tires, Theatrical Equipment,
 Typewriters, Typewriter Supplies,
 Wall Paper, Waste Paper, or any other
 article or commodity not particularly
 enumerated in any other class,

Pawnbroker,

Proprietor or conductor of a restaurant
 (which term wherever used herein includes
 cafe and tea room), but not including any
 person, firm, partnership, corporation or
 company described in any of the classes

"B" to "N", both inclusive.

(1) Assessment	to \$	500	-----	6 %
(2) Assessment \$	501 to \$	1,000	-----	7 %
(3) Assessment \$	1,001 to \$	2,000	-----	8 $\frac{1}{2}$ %
(4) Assessment \$	2,001 to \$	20,000	-----	10 %
(5) Assessment \$	20,001 to \$	100,000	-----	12 $\frac{1}{2}$ %
(6) Assessment \$	100,001 and over		-----	14 $\frac{1}{2}$ %

Provided that notwithstanding anything
 contained herein and the assessments and
 rates hereinbefore set forth, there shall
 be a minimum tax of \$15.00 under this
 classification "A";

Provided further that in all cases where
 there are two or more premises under one
 general management in which businesses in
 Class "A" are conducted (or any business
 in another class if ancillary to a business
 in Class "A") the various assessments of
 the rental values of the said premises
 shall be totalled and the rate for business
 tax in respect of said premises or any of
 them shall be the rate in the above table
 applicable to such totalled assessment.

- B. Art Moulder, Auto Wrecker,
 Barber, Bottle Washer, Boat Builder, Black-
 smith, Bottler and Packer,
 Charm School, Commercial Artist, Costumier,
 Chicken Killer, Cabinetmaker, Carpenter,
 Caterer,
 Diamond Setter, Disinfector, Dressmaker,
 Electrician, Egg Candler, Embroiderer,
 Furnace Installer, Furniture Polisher, Floor
 Scraper,
 Gunsmith, Grinder, Glazier,
 Harnessmaker, Horse Shoer, Hat Cleaner, Hem-
 stitcher, Herbalist, Hairdresser,
 Iron Worker,
 Janitor or Building Maintenance Service,

Junk Dealer,
 Linotyper, Locksmith, Landscape Gardener,
 Machinist, Market Gardener, Mushroom Grower,
 Manicurist, Masseur,
 Piano Tuner,
 Plumber, Plasterer, Picture Framer, Painter,
 Photographer, Photo Engraver, Paper Ruler,
 Repairer of any article, Rug and Carpet Cleaner,
 Stone Cutter, Silver Plater, Soap Stamper, Shoe
 Shiner, Stampmaker, Sausage Maker,
 Tatto Artist, Tailor, Tilesetter, Tinsmith,
 Tool Sharpener, Tire Retreader, Transferman,
 Upholsterer, Upholstery Cleaner,
 Vulcanizer, Violin Maker,
 Window Cleaner, Woodworker, Welder, Watchmaker,
 Proprietor, Conductor or Producer of
 Auto Storage,
 Baths, Box Lunches, Beauty Parlor,
 Chicken Hatchery, Chicken Ranch, Clean Towel
 Supply, Cartage,
 Dog Kennel,
 Feed Stable,
 Greenhouse,
 Lending Library, Light Delivery and Messenger
 Service, Livery Stable,
 Public Parking lot or building including any
 premises ancillary to a retail or other
 business if open throughout the day for
 public parking.
 Sales Stable, Storage Yard, Service Garage,
 Storage Garage,
 Taxi Stand, Trade Association,

(1) Assessment	to \$ 500	-----	6 %
(2) Assessment \$	501 to \$1,000	-----	7½%
(3) Assessment	\$1,001 to \$2,000	-----	9 %
(4) Assessment	\$2,001 and over	-----	10 %

C. Art Teacher,
 Dancing Teacher, Dramatic Teacher,
 Elocution Teacher,
 Music Teacher,
 Voice Specialist,
 Proprietor or Conductor of Auto Driving School,
 Beauty Parlor School,
 Dressmaking School,
 Golfing School, Sports Instructor,
 Note: See sec. 301 (3)
 Kindergarten,
 Private School,
 Radio School, Riding Academy and School,
 Trade School,
 Welding School,

(1) Assessment	to \$ 500	-----	6 %
(2) Assessment	\$ 501 to \$1,000	-----	7½%
(3) Assessment	\$1,001 to \$2,000	-----	9 %
(4) Assessment	\$2,001 and over	-----	10 %

- D. Auctioneer, Analytical Chemist,
 Building Mover, Building Wrecker, Builder
 (General), Bailiff, Boarding Car Contractor,
 Building Sub-Contractor,
 Contractor (General), Contractor (General
 Building),
 Dietitian,
 Engraver,
 Home Recording Service,
 Multigrapher,
 Public Stenographer,
 Sewer Contractor, Supervisor,
 Telephone Answering Service,
 Translator, Tombstone Designer,
 Undertaker,
 Well Driller,
 Proprietor or Conductor of
 Auction Mart, Auto Livery,
 Baby Sitting Agency,
 Bus Terminal,
 Correspondence School,
 Dry Storage,
 Grain Elevator and Storage,
 Radio Broadcasting Station,
 Taxicab Business,

(1) Assessment	to \$ 750	-----	7½%
(2) Assessment	\$ 751 to \$1,500	-----	9 %
(3) Assessment	\$1,501 and over	-----	10 %

- E. Advertising Agent,
 Building Manager,
 Business Consultant,
 Commission Agent, Collection Agent,
 Detective Agent,
 Employment Agent,
 Estate Agent,
 Financial Agent, Freight Agent,
 Inventor's Agent, Investment Agent, Insurance
 Agent, Insurance Adjuster, Insurance Investi-
 gator,
 Lumber Agent,
 Publisher's Agent, Publicity Agent, Purchasing
 Agent,
 Real Estate Agent, Rental Agent,
 Sign Writer,
 Theatre Booking Agent, Telegraph, Ticket or
 Transportation Agent,

Vessel Broker,
 Proprietor or Conductor of
 Advertising Signs or Boards,
 Commercial Advertising,
 Escort Bureau,
 Fire Alarm Service,
 Mail Advertising, Mercantile Agency,
 Publisher's Sales Agency,

(1) Assessment	to \$ 500	-----	7½%
(2) Assessment \$	501 to \$1,500	-----	9 %
(3) Assessment \$1,501 and over		-----	10 %

F. Architect, Auditor, Assignee, Receiver or
 Liquidator, Aurist, Appraiser, Accountant,
 Barrister,
 Consulting Engineer, Concert Promoter, Conveyancer,
 Chiropractor, Chiropodist, Customs Broker, Customs
 Attorney, Christian Science Practitioner,
 (Note: See sec. 301 (3))
 Dentist, Dental Mechanic, Dermatologist,
 Electrical Engineer, Electro-therapist,
 Highway Engineer,
 Mining Engineer, Mining Geologist,
 News Distributor, Notary Public,
 Optometrist, Optician, Osteopath,
 Physician, Physical Specialist, Patent Attorney,
 Patent Engineer, Physiotherapist, Physical
 culturist,
 Professional Entertainer,
 Radiologist,
 Solicitor, Secretary, Statistician, Surgeon,
 Surveyor,
 Veterinary Surgeon,
 Proprietor or Conductor of
 Mining Office,
 News Service,

(1) Assessment	to \$ 500	-----	7½%
(2) Assessment \$	501 to \$1,500	-----	9 %
(3) Assessment \$1,501 and over		-----	10 %

G. Proprietor or Conductor of
 Hotel with licensed beer parlour -----10 %
 Any other Hotel (including any premises
 where rooms are rented by the day and
 there is accommodation for ten or more
 roomers or guests) ----- 7½%
 Tourist Camp or Motel ----- 7½%

- H. Assembler, Auto Body Builder,
 Cleaner,
 Dyer,
 Exporter,
 Fur Dealer
 Grocery Broker,
 Importer,
 Jobber,
 Livestock Dealer,
 Manufacturer, except any manufacturer in Class "N",
 Manufacturers' Agent carrying complete stock,
 Manufacturing Chemist,
 Produce Broker,
 Raw Fur Dealer,
 Sales Promoter,
 Wholesale Dealer in any commodity, except oil
 and gasoline,
 Proprietor or Conductor of
 Butter Making Plant,
 Cold Storage Plant,
 Dry Cleaning,
 Foundry,
 Gasoline Filling Station,
 Ice Cream Plant
 Laundry,
 Manufacturers' Branch carrying complete stock,
 except any manufacturer's branch in Class "N"
 Cap. 95, 1946, s. 8.
 Produce Pool,
 Premium Store,
 Public Utility (Offices and Salesrooms only)----10 %
- I. Publisher, Printer, Bookbinder,
 (1) Assessment to \$1,000 -----10 %
 (2) Assessment \$1,001 and over -----12½%
- J. Proprietor or Conductor of
 Bakery maintaining daily delivery,
 Creamery maintaining daily delivery,
 Dairy maintaining daily delivery,
 Heating or Power Plant generating heat or
 power for proprietor's use in other premises,
 Packing House -----12½%
- K. Motion Picture Film Manufacturer, Distributor
 or Vendor,
 Manufacturer's Agent not carrying complete stock,
 Manufacturer (branch only) not carrying complete
 stock, except any Manufacturer's branch in
 Class "M" -----12½%
 Cap. 95, 1946, s. 8.

- L. Proprietor or Conductor of Express Freight or Passenger Transportation Service (by rail, motor vehicle, aeroplane or other conveyance, not including taxicabs) -----12 $\frac{1}{2}$ %
 Telegraph Service -----12 $\frac{1}{2}$ %
 Cap. 92, 1948.
- M. Grain Broker -----12 $\frac{1}{2}$ %
 Grain Merchant -----12 $\frac{1}{2}$ %
 Finance Company, Loan Company, Mortgage Company, Trust Company, Investor, Investment Company, Land Company,
- (1) Assessment up to \$5,000 -----12 $\frac{1}{2}$ %
 (2) Assessment \$5,001 and over -----17 %
- Insurance Company -----18 $\frac{1}{2}$ %
 Investment Banker -----17 %
 Investment Dealer -----17 %
 Manufacturer or Manufacturer's Branch carrying stock of oil or gasoline -----17 %
 Stock and Bond Broker or Agent -----12 $\frac{1}{2}$ %
 Proprietor or Conductor of Bank,
 (a) principal or main Winnipeg Branch -----20 %
 (b) district head office or superintendent's department -----20 %
 (c) all branches not included in (a) -----12 $\frac{1}{2}$ %
 Bank Clearing House -----12 $\frac{1}{2}$ %
 Grain Exchange -----12 $\frac{1}{2}$ %
 Mail Order Business -----10 %
 Stock Exchange -----12 $\frac{1}{2}$ %
 Any business similar to that carried on by any of the above in this class -----12 $\frac{1}{2}$ %
- N. Brewer and agents for products commonly manufactured and / or sold by breweries and agents for manufacturers or dealers in wines and / or spirituous liquors -----14 $\frac{1}{2}$ %
 Wholesale Dealer in Oil or Gasoline -----17 %
- O. Operators of any premises licensed to sell beer, wine or liquor under the provisions of The Liquor Control Act -----20%

Provided that, notwithstanding anything hereinbefore contained, this rate shall apply whether or not such sale is the principal business carried on in the premises.

Class "O" does not include the operator of a licensed beer parlour that is operated as part of a hotel.

- P. Billiard Rooms,
Bowling alleys,
Dance halls not operated by a religious,
charitable, fraternal or bona fide social
organization,
Places of public amusement,
Shooting galleries,
Skating rinks,
Theatres, opera houses, and music halls -----10 %
- Q. Owner, proprietor or Conductor of any
business not included in other classes -----10 %

S.M. 1940, c. 82; am. S.M. 1945, c. 92; S.M. 1946,
c. 95; S.M. 1940, c. 95; S.M. 1953, c. 71.

5. Winnipeg Master Printers and Lithographers Association.
6. The Winnipeg Chamber of Commerce.
7. Winnipeg Real Estate Board.
8. Downtown Business Association of Winnipeg.
9. Winnipeg & District Labour Council, C.I.O.
10. Canadian Manufacturers' Association (Prairie Division).
11. Canadian Restaurant Association, Manitoba Branch.
12. C.P.O. Veterans' Association, C.M.R. Veterans' Association
and Elmwood Retired Men's Club.
13. Canadian National Institute for the Blind.
14. Polish Fraternal Aid Society of St. John Catholic.
15. Jewish Old Folks' Home of Western Canada, Sisters of
St. Joseph of Toronto, which operates the St. Joseph's
Hospital for the Aged, and Sisters Servants of Mary
Immaculate operating the Home for the Aged at the former
Children's Hospital.
16. Dr. Robert M. Clark, University of British Columbia.
17. Alderman David W. Sullivan.
18. Alderman Jacob Fennel.
19. Alderman Howard V. MacIsaac.
20. Alderman Albert J. Bennett.

Appendix B

LIST OF ORGANIZATIONS AND INDIVIDUALS
MAKING REPRESENTATIONS TO THE COMMISSION

1. Canadian Association of Real Estate Boards.
2. The Manitoba Hotel Association.
3. Industrial Development Board of Greater Winnipeg.
4. Retail Merchants Association of Canada, Inc.
5. Winnipeg Master Printers and Lithographers Association.
6. The Winnipeg Chamber of Commerce.
7. Winnipeg Real Estate Board.
8. Downtown Business Association of Winnipeg.
9. Winnipeg & District Labour Council, C.L.C.
10. Canadian Manufacturers' Association (Prairie Division).
11. Canadian Restaurant Association, Manitoba Branch.
12. C.P.R. Veterans' Association, C.N.R. Veterans' Association, and Elmwood Retired Men's Club.
13. Canadian National Institute for the Blind.
14. Polish Fraternal Aid Society of St. John Cantius.
15. Jewish Old Folks' Home of Western Canada, Sisters of St. Joseph of Toronto, which operates the St. Joseph's Hospital for the Aged, and Sisters Servants of Mary Immaculate, operating the Home for the Aged at the former Children's Hospital.
16. Dr. Robert M. Clark, University of British Columbia.
17. Alderman David A. Mulligan.
18. Alderman Jacob Penner.
19. Alderman Howard V. McKelvey.
20. Alderman Albert E. Bennett.



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